

[REDACTED]

From: [REDACTED] [mailto:RGanter@MANAGEDFUNDS.ORG]
Sent: Wednesday, September 24, 2014 4:17 PM
To: [REDACTED] (USANYS)
Cc: [REDACTED]
Subject: RE: Prep call for Outlook 2014

Hi [REDACTED]

Thank you so much for your email and passing along Mr. Bharara's information. Aside from times for a prep call the speaker release is all I need.

Attached you will find the completed Event Vetting document that you submitted. Please let me know if you have further questions.

Regards,

[REDACTED]

The Voice of the Global Alternative Investment Industry
MFA's Outlook 2014, October 16-17, 2014, The Pierre, New York, NY

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From: [REDACTED]
Sent: Wednesday, September 24, 2014 2:01 PM
To: [REDACTED]
Subject: FW: Prep call for Outlook 2014

[REDACTED]

I'm reaching out to you on behalf of [REDACTED] and U.S. Attorney Bharara. The U.S. Attorney is currently traveling, so I will need to get back to you about scheduling a prep call.

I have attached an updated bio. You are waiting on his completed release form, correct?

In addition, can you please fill out the attached event vetting document for our ethics review process? Thanks.

[REDACTED]

(B)(6)

(B)(7)(c)

From: [REDACTED] (B)(6)

Sent: Tuesday, September 23, 2014 11:40 AM

(B)(7)(c) **To:** [REDACTED] (B)(6)

Cc: [REDACTED]
Subject: RE: Prep call for Outlook 2014

Hi [REDACTED] (B)(7)(c)
(B)(6)

I am just circling back to see if you had some times that Mr. Bharara is free for a prep call before Outlook? Let Mina and I know when you get a moment.

Thanks so much!

[REDACTED] (B)(6)

From: [REDACTED] (B)(6)

Sent: Friday, September 19, 2014 2:16 PM

(B)(7)(c) **To:** [REDACTED] (B)(6)

Cc: [REDACTED]
Subject: Prep call for Outlook 2014

(B)(7)(c) [REDACTED] (B)(6) (B)(6)

I am reaching out to see if we can coordinate a prep call between Mr. Bharara and [REDACTED] in the next week or so? I understand they both know each other fairly well so it should not be hard to get them together.

(B)(7)(c) [REDACTED] can you suggest some times that work for Mr. Bharara next week or the week after? (B)(6)

Let me know if you have any questions.

Thank you!

[REDACTED] (B)(6)

The Voice of the Global Alternative Investment Industry
MFA's Outlook 2014, October 16-17, 2014, The Pierre, New York, NY

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Sent: Wednesday, September 24, 2014 3:07 PM
Subject: News Clips - Tuesday, 23rd and Wednesday, 24th September, 2014



News Clips
Tuesday, September 23, 2014

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Terrorism and International Narcotics

Suleiman Abu Ghayth

N.Y. / Region

Abu Ghaith, a Bin Laden Adviser, Is Sentenced to Life in Prison

New York Times

By BENJAMIN WEISER

SEPT. 23, 2014

A Kuwaiti-born cleric who sat with Osama bin Laden in a remote Afghan cave hours after the terror attacks of Sept. 11, 2001, and later became a fiery spokesman for the Qaeda leader, was sentenced to life in prison on Tuesday by a federal judge in Manhattan.

The defendant, Sulaiman Abu Ghaith, 48, who became the most senior adviser to Bin Laden to be tried in a civilian court in the United States since the Sept. 11 attacks, was convicted in March of three counts: conspiracy to kill Americans, and providing material support to terrorists and conspiring to do so.

In imposing the sentence, the judge, Lewis A. Kaplan of United States District Court, rejected a defense request for leniency on grounds that Mr. Abu Ghaith, a son-in-law of Bin Laden's, had been convicted essentially for offensive language.

The trial had been widely watched, in part because the decision to prosecute Mr. Abu Ghaith in the civilian court system had been roundly criticized by some members of Congress, who argued that he should have been held by the military for intelligence purposes.

In a visit to New York to meet with the prosecutors after the verdict, the United States attorney general, Eric H. Holder Jr. told reporters that the case had proved "beyond any doubt" that terror trials could "safely occur" in the city, and "further demonstrated the reality that bringing terrorists swiftly to justice is fully within the capabilities" of the civilian court system.

The defense team, which had sought a sentence of 15 years, had argued in a sentencing memorandum that his client was facing "the harshest of penalties for talk — and only talk."

A defense lawyer, Stanley L. Cohen, likened Mr. Abu Ghaith to "an outrageous daytime 'shock-radio' host, or a World War II radio propagandist for a losing ideology."

But the office of Preet Bharara, the United States attorney for the Southern District of New York, said there was "no fathomable reason to justify a sentence other than life."

"Abu Ghaith participated at the highest levels of Al Qaeda in the months preceding Sept. 11, 2001 — and for more than a year after," the government wrote. "His purpose was to motivate Al Qaeda's fighters and drive more men to Al Qaeda's mission to kill Americans."

Perhaps the most riveting moment of Mr. Abu Ghaith's three-week trial came when he unexpectedly took the witness stand and testified about how he was summoned to a meeting with Bin Laden in the mountains of Afghanistan, hours after the attacks on the World Trade Center and Pentagon.

“He said, ‘Come in, sit down.’ He said, ‘Did you learn about what happened?’” Mr. Abu Ghaith recalled for the jury. He said Bin Laden told him, “We are the ones who did it.”

Osama bin Laden's Son-in-Law Sentenced to Life in Prison

Prominent al Qaeda Operative Faced Trial in U.S. Civilian Court

By
Christopher M. Matthews
Wall Street Journal

Updated Sept. 23, 2014 11:35 a.m. ET

Osama bin Laden's son-in-law was sentenced to life in prison Tuesday for conspiring to kill Americans and providing material support to terrorists.

The conviction in March of Sulaiman Abu Ghaith, one of the most prominent al Qaeda operatives to face trial in the U.S., bolstered the argument that civilian courts—rather than military commissions—are suitably equipped to handle terrorism cases.

Mr. Abu Ghaith, wearing a blue-prison jumpsuit and a Muslim headdress known as a kufi, stood stone-faced as U.S. District Judge Lewis Kaplan delivered the sentence. Judge Kaplan said Mr. Abu Ghaith was fully committed to al Qaeda's murderous agenda and had shown no remorse, even threatening the U.S. once again during Tuesday's sentencing in Manhattan federal court.

Earlier in the hearing, Mr. Abu Ghaith delivered an impassioned statement to the court, frequently gesturing and quoting from the Quran.

"At the same moment where you are shackling my hands and intend to bury me alive, you are at the same time unleashing the hands of hundreds of Muslim youth, and you are removing the dust of their minds, and they will join the rally of the free men," Mr. Abu Ghaith told the court. "Soon, and very soon...the whole world will see the end of these theater plays that are also known as trials."

A 12-member anonymous jury delivered a quick conviction this spring, reaching its decision after deliberating six hours over two days, following a three-week trial.

Mr. Abu Ghaith, 48 years old, was a little-known Kuwaiti preacher when he joined al Qaeda in June 2001 during a visit to Afghanistan.

A day after the Sept. 11, 2001, attacks, Mr. Abu Ghaith appeared in a video sitting alongside bin Laden, and bin Laden's two top deputies in al Qaeda. That video, first broadcast on Al Jazeera, quickly ricocheted around the world. He made several more videos and audio recordings in the months and weeks that followed.

Jordanian authorities took Mr. Abu Ghaith into custody in February 2013 and handed him over to U.S. law enforcement.

Prosecutors said Mr. Abu Ghaith "was literally the face of al Qaeda" in the immediate aftermath of 9/11.

Mr. Abu Ghaith testified on his own behalf during the trial, telling jurors that the statements he made were partially from his own conviction but that some of his most dramatic threats—such as, that "a storm of airplanes" would continue to batter U.S. targets—were dictated to him by bin Laden.

His lead attorney, Stanley Cohen, said Mr. Abu Ghaith should receive a minimum sentence of 15 years in prison because while he had given "hateful" speeches, he had never participated in or planned an actual terrorist attack. Mr. Cohen also cited the nearly 12 years Mr. Abu Ghaith spent in Iranian custody as a mitigating factor.

Judge Kaplan conceded that Mr. Abu Ghaith hadn't personally participated in any acts of violence and had some redeeming qualities, but said he had joined al Qaeda's ranks with open eyes. He cited a video shown at trial of Mr. Abu Ghaith sitting with bin Laden after 9/11, in which he expressed his "amusement" as bin Laden described the attacks.

Mr. Cohen has said his client would appeal, saying that it was "impossible under the circumstances to get a fair trial."

Mr. Abu Ghaith's arrival in the Manhattan federal courthouse last year drew rebukes from Republicans who said that top terror suspects should be sent to the prison camp in Guantanamo Bay, Cuba.

Prosecutors in the Manhattan U.S. Attorney's office have successfully prosecuted terrorism cases for years. Earlier this year, they won the conviction of Abu Hamza al-Masri, an Egyptian-born British cleric. He was found guilty of 11 terrorism charges in May.

On Tuesday, Attorney General Eric Holder said justice had been served. "From beginning to end, this trial, conviction and sentencing have underscored the power of [the civilian] court system to deliver swift and certain justice in cases involving terrorism defendants," Mr. Holder said. "We will continue to rely on this robust and proven system to hold accountable anyone who would harm our nation and its people."

Ex-al-Qaida spokesman gets life prison term in NY

Posted: Sep 23, 2014 12:56 AM EDT Updated: Sep 23, 2014 1:28 PM EDT

By TOM HAYS

Associated Press

NEW YORK (AP) - Defiant to the end, Osama bin Laden's son-in-law was sentenced Tuesday to life in prison for acting as the voice of al-Qaida after the Sept. 11 terror attacks, telling a judge that there would be a price to pay for trying to "bury me alive."

Sulaiman Abu Ghaith - the highest-ranking al-Qaida figure to face trial on U.S. soil since the attacks - quoted from the Quran, praised Allah and suggested his case would prompt a backlash in the Muslim world.

"Today, at the same moment where you are shackling my hands and intend to bury me alive, you are at the same time unleashing the hands of hundreds of Muslim youth, and you are removing the dust of their minds, and they will join the rally of the free men," said the Kuwaiti imam. "Soon, and very soon, the whole world will see, the whole world will see the end of these theater plays that are also known as trials."

U.S. District Judge Lewis A. Kaplan, told Abu Ghaith his defiance was further proof he deserved life behind bars.

"You haven't evidenced any doubt about the justification for what was done, and as recently as 15 minutes ago, you continue to threaten," the judge said. "You, sir, in my assessment, are committed to doing everything you can to assist in carrying out al-Qaida's agenda of killing Americans, guilty or innocent, combatant or noncombatant, adult or babies, without regard to the carnage that's caused."

Kaplan pointed to what he called "revealing" video, used as evidence at Abu Ghaith's trial, showing the defendant at Osama bin Laden's side as bin Laden bragged that he had predicted that the attack on the World Trade Center would cause the twin towers to collapse.

"Bin Laden laughed as he explained that," the judge said. "Others in the room did. You, at bin Laden's right hand, evidenced in your facial expressions amusement. ... It was funny. It was a success, the massacre."

The defendant showed no emotion as he heard the sentence. Afterward, he smiled and shook hands with his attorneys before being led out of the courtroom.

Abu Ghaith, 48, was convicted in March on conspiracy charges that he answered Osama bin Laden's request in the hours after the 2001 attacks to speak on the widely circulated videos used to recruit new followers willing to go on suicide missions like the 19 who hijacked four commercial jets on Sept. 11.

The jury heard audio from October 2001 of the defendant warning, "The storm of airplanes will not stop" - evidence that the government alleged showed the defendant knew in advance about the failed shoe-bomb airline attack by Richard Reid in December 2001.

Abu Ghaith took the witness stand in his own defense, calmly denying he was an al-Qaida recruiter and claiming his role was a religious one aimed at encouraging all Muslims to rise up against their oppressors. He insisted he agreed to meet with bin Laden in a cave on the night of Sept. 11, 2001, out of respect for bin Laden's standing as a sheik.

"I didn't go to meet with him to bless if he had killed hundreds of Americans or not. I went to meet with him to know what he wanted," Abu Ghaith said.

In asking for leniency on Tuesday, defense attorney Stanley Cohen argued that, though Abu Ghaith engaged in fiery rhetoric, there was no evidence that his client directly participated in any terror plots. He described Abu Ghaith as someone who found himself "caught in the crossroads of history."

Prosecutor John P. Cronan, in arguing for a life term, said Abu Ghaith was more valuable to al-Qaida than a suicide bomber because of his willingness to use religion to attract more recruits for the "murderous mission" led by bin Laden.

"He did not just find himself in a bad situation he couldn't get out of," Cronan said. "He was all in. At no point did Sulaiman Abu Ghaith back away from that commitment."

Associated Press writer Larry Neumeister contributed to this report.

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Osama bin Laden's son-in-law sentenced to life in prison

By Laurel Babcock, David K. Li and Post Wires

September 23, 2014 | 12:19pm

Defiant to the end, a son-in-law of Osama bin Laden, who acted as al Qaeda spokesman after the 9/11 attacks, was sentenced Tuesday to life in prison for conspiring to kill Americans.

Remorseless Sulaiman Abu Ghaith was the mouthpiece for his bloodthirsty father-in-law and is the highest-ranking al Qaeda figure to have been tried on US soil since the 9/11 attacks.

A federal jury in March found the 48-year-old guilty of conspiring to kill Americans and conspiring to support terrorists.

"You, sir, in my assessment, are committed to doing everything you can to assist al Qaeda in its mission to kill Americans," Manhattan federal Judge Lewis Kaplan said.

As he announced Abu Ghaith's sentence, Kaplan said that "as recently as 15 minutes ago, you continued to threaten."

There were no victim-impact statements, but Abu Ghaith went off on a five-minute rant, invoking Allah throughout.

"A free man is the one who does stand on his feet, not the one who lives sitting on his knee, and I have made the choice to live as a free man," the cold-blooded terrorist said at his sentencing.

Modal Trigger

Sulaiman Abu Ghaith stands with his attorney Stanley Cohen in front of US District Judge Lewis Kaplan during his sentencing on Tuesday. Photo: Reuters

"(I) will not ask for mercy from anyone except God. It is the eternal religion of Allah that will remain until the day of judgment."

Abu Ghaith believes he'll be a martyr to his twisted cause, inspiring young wannabe terrorists to take up arms.

"At the same time you shackle my hands and intend to bury me alive, you are at the same time unleashing the hands of hundreds of Muslim youth," said Abu Ghaith, who wore a white knit skullcap, a blue T-shirt over an orange T-shirt, and blue pants.

"They will join the ranks of the free man. Soon and very soon, the whole world, the whole word will see the end of these theater plays known as trials. You and your government can decree what you want to decree. Nothing will befall us except what Allah has ordained. He is our protector. Dignity belongs to Allah and to his believers."

Defense attorney Stanley Cohen asked the judge to impose a 15-year sentence. A prosecutor called for life in prison.

Cohen compared his client to Abdel Bary, who recently pleaded guilty to conspiring with bin Laden in the 1998 bombings of two US embassies in Africa that left 224 people dead, including 12 Americans.

Bary's sentence is still being worked out, but it appears he'll get 25 years at worst.

The charges against Bary, Cohen said, “are every bit as damning, and I would suggest more so,” compared to Abu Ghaith.

Cohen said Abu Ghaith was guilty of “zero specific acts of terrorism,” that there was “zero evidence that he had anything to do with Sept. 11 whatsoever.”

But US Attorney Preet Bharara said Abu Ghaith got what he deserved.

“Sulaiman Abu Ghaith was the mouthpiece of murder and menace,” Bharara said. “Hours after the 9/11 attacks, Abu Ghaith ... was exhorting others to pledge themselves to al Qaeda in the cause of murdering more Americans.”

‘The storm of airplanes will not stop.’

- Sulaiman Abu Ghaith

He added: “It has been 13 years since that terrible day, but from the day Abu Ghaith was brought to the United States 19 months ago, justice for him has been swift and fair.”

Abu Ghaith was convicted in March on conspiracy charges that he answered bin Laden’s request in the hours after the attacks to speak on the widely circulated videos used to recruit new followers willing to go on suicide missions like the 19 who hijacked four commercial jets on Sept. 11.

“The storm of airplanes will not stop,” the Kuwaiti imam warned in an October 2001 video that was played for the jury.

Jurors also saw frames of a video made Sept. 12, 2001, in which Abu Ghaith was seated next to bin Laden and two other top al Qaeda leaders as they tried to justify the attacks.

Taking the witness stand in his own defense, Abu Ghaith calmly denied he was an al Qaeda recruiter and claimed his role was a religious one aimed at encouraging all Muslims to rise up against their oppressors.

He insisted he agreed to meet with bin Laden in a cave on the night of Sept. 11, 2001, out of respect for bin Laden’s standing as a sheik.

“I didn’t go to meet with him to bless if he had killed hundreds of Americans or not. I went to meet with him to know what he wanted,” Abu Ghaith said.

In asking for leniency, Cohen compared his client to an outrageous shock-radio host. The attorney wrote in court papers that Abu Gaith “faces the harshest of penalties for talk — and only talk — which is at times zealous, pious and devout; at other times intemperate; at still others, offensive to core values of humanity.”

In a submission seeking a life sentence, the government responded by calling the comparison to a radio host “as absurd as it is offensive” and accused the defense of trying to minimize Abu Ghaith’s role in promoting al Qaeda’s deadly agenda.

“Abu Ghaith was a terrorist who sat alongside bin Laden on the morning of Sept. 12, 2001, celebrating the murder of nearly 3,000 innocent men, women and children the day before,” prosecutors wrote.

Bin Laden's Son-in-Law Receives Life Sentence

By: NY1 News

Osama bin Laden's son-in-law was sentenced in Lower Manhattan this morning to life in prison after being convicted of serving as al-Qaeda's spokesman after the September 11th attacks.

Sulaiman Abu Ghaith is the highest ranking al-Qaeda official to be tried on U.S. soil since the attacks.

The 48-year-old was convicted on conspiracy charges in March.

Prosecutors say he answered Osama bin Laden's request to take part in videos aimed at recruiting new followers after the terror attacks.

In one video that was played for the jury, the Kuwaiti imam was heard saying "the storm of airplanes will not stop."

Gaith took the stand in his own defense.

He denied being an al-Qaeda recruiter and claimed his message was a religious one encouraging Muslims to rise up against their oppressors.

Speaking to reporters outside court, Gaith's lawyers said they are planning to appeal the case.

"Very few people in the United States can come to grips with 1.6 billion people, let alone the Quran. That people in the United States, particularly in the Department of Justice, conveniently, particularly in this administration, read the worst possible inference and conclusion into any act or any statement, by any Muslim anywhere," said Defense Attorney Stanley Cohen.

In a statement, U.S. Attorney General Eric Holder said, "Justice has been served...From beginning to end, this trial, conviction and sentencing have underscored the power of America's Article Three court system to deliver swift and certain justice in cases involving terrorism defendants. We will continue to rely on this robust and proven system to hold accountable anyone who would harm our nation and its people."

- See more at: <http://stateniland.ny1.com/content/news/215987/bin-laden-s-son-in-law-receives-life-sentence/#sthash.9hHzqOAh.dpuf>

Osama bin Laden son-in-law Sulaiman Abu Ghaith gets life in jail on terror charge

India Today/AP New York, September 23, 2014 | UPDATED 20:56 IST

The Kuwaiti cleric Sulaiman Abu Ghaith became the voice of al-Qaida recruitment videos after the 2001 attacks. He testified at trial that his role was strictly religious. Osama bin Laden's son-in-law was sentenced to life in prison on Tuesday for acting as al-Qaida's spokesman after the Sept. 11, 2001, terror attacks.

Sulaiman Abu Ghaith was the highest-ranking al-Qaida figure to face trial on U.S. soil since the attacks. The Kuwaiti cleric became the voice of al-Qaida recruitment videos after the 2001 attacks. He testified at trial that his role was strictly religious.

Abu Ghaith was sentenced by U.S. District Judge Lewis A. Kaplan, who said he saw "no remorse whatsoever" from the 48-year-old imam.

"You continue to threaten," the judge said. "You sir, in my assessment, still want to do everything you can to carry out al-Qaida's agenda of killing Americans."

Defense attorney Stanley Cohen asked the judge to impose a 15-year sentence. A prosecutor called for life in prison.

Abu Ghaith was convicted in March on conspiracy charges that he answered Osama bin Laden's request in the hours after the attacks to speak on the widely circulated videos used to recruit new followers willing to go on suicide missions like the 19 who hijacked four commercial jets on Sept. 11.

"The storm of airplanes will not stop," the Kuwaiti imam warned in an October 2001 video that was played for the jury.

Jurors also saw frames of a video made Sept. 12, 2001, in which Abu Ghaith was seated next to bin Laden and two other top al-Qaida leaders as they tried to justify the attacks.

Taking the witness stand in his own defense, Abu Ghaith calmly denied he was an al-Qaida recruiter and claimed his role was a religious one aimed at encouraging all Muslims to rise up against their oppressors. He insisted he agreed to meet with bin Laden in a cave on the night of Sept. 11, 2001, out of respect for bin Laden's standing as a sheik.

"I didn't go to meet with him to bless if he had killed hundreds of Americans or not. I went to meet with him to know what he wanted," Abu Ghaith said.

In asking for leniency, Cohen compared his client to an outrageous shock-radio host. The attorney wrote in court papers that Abu Gaith "faces the harshest of penalties for talk - and only talk - which is at times zealous, pious and devout; at other times intemperate; at still others, offensive to core values of humanity."

In a submission seeking a life sentence, the U.S. government responded by calling the comparison to a radio host "as absurd as it is offensive" and accused the defense of trying to minimize Abu Ghaith's role in promoting al-Qaida's deadly agenda.

"Abu Ghaith was a terrorist who sat alongside bin Laden on the morning of Sept. 12, 2001, celebrating the murder of nearly 3,000 innocent, men, women and children the day before," prosecutors wrote.

Defiant Bin Laden son-in-law sentenced to life in prison as he warns America will soon come under attack from 'hundreds of Muslim youths'

Sulaiman Abu Ghaith, 48, was sentenced at a New York court today

Cleric became voice of al-Qaeda recruitment videotapes after 2001 attacks

Ghaith testified at trial that his role was strictly religious

Just before sentencing Abu Ghaith made threat saying: 'You are unleashing the hands of hundreds of Muslim youths'

He is highest-ranking al-Qaeda figure to face trial on U.S. soil since attacks

By Jill Reilly for MailOnline

Daily Mail

Published: 10:13 EST, 23 September 2014 | Updated: 15:27 EST, 23 September 2014

Osama bin Laden's son-in-law was sentenced to life in prison today for acting as al-Qaeda's spokesman after the September 11 terror attacks.

Sulaiman Abu Ghaith was sentenced by U.S. District Judge Lewis A. Kaplan, who said he saw 'no remorse whatsoever' from the 48-year-old imam.

'You continue to threaten,' the judge said. 'You sir, in my assessment, still want to do everything you can to carry out al-Qaeda's agenda of killing Americans.'

Abu Ghaith was the highest-ranking al-Qaeda figure to face trial on U.S. soil since the attacks.

The Kuwaiti cleric became the voice of al-Qaeda recruitment videotapes after the 2001 attacks.

He testified at trial that his role was strictly religious.

Just before he was sentenced, Abu Ghaith said through an interpreter that he 'would not come here today and seek mercy from anyone but God.'

Abu Ghaith was convicted in March on conspiracy charges that he answered Osama bin Laden's request in the hours after the attacks to speak on the widely circulated videos used to recruit new followers willing to go on suicide missions like the 19 who hijacked four commercial jets on September 11 (pictured)

'At the same moment you were shackling my hands and intending to bury me alive, you are at the same time unleashing the hands of hundreds of Muslim youths,' he said.

'They will join the ranks of the free men soon and very soon the world will see the end of these theater plays.'

As he announced Abu Ghaith's sentence, Kaplan said that 'as recently as 15 minutes ago, you continued to threaten.'

Defense attorney Stanley Cohen asked the judge to impose a 15-year sentence.

Jurors also saw frames of a video made September 12, 2001, in which Abu Ghaith was seated next to bin Laden and two other top al-Qaeda leaders as they tried to justify the attacks. Pictured: Defendant Sulaiman Abu Ghaith, right, is seated with Osama Bin Laden, center, and Bin Laden's deputy, Ayman al Zawahiri, in Afghanistan

A prosecutor called for life in prison.

Abu Ghaith was convicted in March on conspiracy charges that he answered Osama bin Laden's request in the hours after the attacks to speak on the widely circulated videos used to recruit new followers willing to go on suicide missions like the 19 who hijacked four commercial jets on September 11.

'The storm of airplanes will not stop,' the Kuwaiti imam warned in an October 2001 video that was played for the jury.

Abu Ghaith denied he was an al-Qaeda recruiter. He insisted he agreed to meet with bin Laden (pictured) in a cave on the night of September 11, 2001, out of respect for bin Laden's standing as a sheik

Jurors also saw frames of a video made September 12, 2001, in which Abu Ghaith was seated next to bin Laden and two other top al-Qaeda leaders as they tried to justify the attacks.

Taking the witness stand in his own defense, Abu Ghaith calmly denied he was an al-Qaeda recruiter and claimed his role was a religious one aimed at encouraging all Muslims to rise up against their oppressors.

He insisted he agreed to meet with bin Laden in a cave on the night of September 11, 2001, out of respect for bin Laden's standing as a sheik.

'I didn't go to meet with him to bless if he had killed hundreds of Americans or not. I went to meet with him to know what he wanted,' Abu Ghaith said.

In asking for leniency, Cohen compared his client to an outrageous shock-radio host.

The attorney wrote in court papers that Abu Gaith 'faces the harshest of penalties for talk — and only talk — which is at times zealous, pious and devout; at other times intemperate; at still others, offensive to core values of humanity.'

In a submission seeking a life sentence, the government responded by calling the comparison to a radio host 'as absurd as it is offensive' and accused the defense of trying to minimize Abu Ghaith's role in promoting al-Qaida's deadly agenda.

'Abu Ghaith was a terrorist who sat alongside bin Laden on the morning of Sept. 12, 2001, celebrating the murder of nearly 3,000 innocent, men, women and children the day before,' prosecutors wrote.

Read more: <http://www.dailymail.co.uk/news/article-2766070/Sulaiman-Abu-Ghaith-sentenced-life-warns-America-soon-come-attack.html#ixzz3EB1LisUL>

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Public Corruption

Dinesh D'Souza

Obama critic D'Souza spared prison for violating election law

By Nate Raymond

NEW YORK Tue Sep 23, 2014 3:19pm EDT

(Reuters) - Conservative author and filmmaker Dinesh D'Souza avoided prison on Tuesday when a U.S. judge sentenced him to serve eight months in a community confinement center after he pled guilty to violating campaign finance law.

D'Souza, 53, was ordered by U.S. District Judge Richard Berman in Manhattan to live in the center at the start of a five year probationary period in which he must do one day of community service a week. He must also pay a \$30,000 fine and undergo weekly therapy, Berman said.

D'Souza, a frequent critic of U.S. President Barack Obama, admitted in May to illegally reimbursing two "straw donors" who donated \$10,000 each to the unsuccessful 2012 U.S. Senate campaign in New York of Wendy Long, a Republican he had known since attending Dartmouth College in the early 1980s.

"It was a crazy idea, it was a bad idea," D'Souza told Berman before being sentenced. "I regret breaking the law."

Prosecutors had sought a 10-to 16-month prison sentence, rejecting defense arguments that D'Souza was "ashamed and contrite" about his crime and deserved probation with community service.

They cited statements D'Souza made on TV and the Internet after his guilty plea, where he complained about being "selectively" targeted for prosecution and having little choice but to plead guilty.

Berman appeared to accept the prosecutors' position, playing a video in which D'Souza talked about selective prosecution - an effort at "spin," the judge said.

"I'm not sure, Mr. D'Souza, that you get it," Berman said before announcing the sentence. "And it is still hard for me to discern any personal acceptance of responsibility in this case."

The case has prompted criticism among some conservatives who accused the government of selectively prosecuting D'Souza because of his political views. Manhattan U.S. Attorney Preet Bharara, whose office brought the case, is an Obama appointee.

Despite comments early in the hearing, Berman ultimately decided against prison, instead ordering community confinement, which typically involves living under supervision in a center while holding a regular job.

Benjamin Brafman, D'Souza's lawyer, had argued no defendant in a case like D'Souza's had previously been sent to prison.

"I'm just relieved and want to thank the judge for imposing a fair sentence," D'Souza said after Tuesday's hearing.

The Indian-born D'Souza wrote the 2010 bestseller "The Roots of Obama's Rage" and co-directed a 2012 film, "2016: Obama's America," which painted a bleak picture of the nation's future if the Democratic president was reelected.

Prosecutors said D'Souza asked two friends and their spouses to contribute \$10,000 each to Long's campaign and then reimbursed them.

Campaign finance regulations at the time limited individual donations to \$5,000 maximum during an election cycle.

One friend was Denise Joseph, who was engaged to D'Souza while he was still married to another woman. D'Souza resigned as president of King's College, a small Christian school in New York City, after the media revealed his relationship with Joseph in 2012.

The case is U.S. v. D'Souza, U.S. District Court, Southern District of New York, No. 14-cr-00034.

(Reporting by Nate Raymond in New York; Editing by James Dalglish and Andrew Hay)

Dinesh D'Souza gets 5 years of probation in federal Manhattan court over campaign donations

The conservative commentator, who pleaded guilty in May to enlisting straw donors to give \$200,000 to Republican candidate Wendy Long, was visibly relieved when he learned he would not go to prison but instead would spend eight months in a halfway house. He'll also have to spend one eight-hour day each week teaching English for the length of his probation.

BY Stephen Rex Brown /

NEW YORK DAILY NEWS /

Tuesday, September 23, 2014, 2:52 PM

Conservative blowhard Dinesh D'Souza received five years of probation in Manhattan federal court Tuesday for making \$20,000 in illegal campaign contributions in 2012.

Before he was sentenced, D'Souza endured stern condemnation from U.S. District Judge Richard Berman and a humiliating, harsh letter from his ex-wife, Dixie D'Souza, that was read aloud. He was visibly relieved when he learned he would not go to prison but instead would spend eight months in a halfway house.

He'll also have to spend one eight-hour day each week teaching English for the length of his probation.

"I'm not sure Mr. D'Souza (that) you get it. It's hard for me to discern any acceptance of responsibility," said Berman, who struggled throughout the hearing to determine what motivated the commentator's undoing.

"He's a talker. In fact, he's almost a compulsive talker. But I don't think he's a listener. I don't think he's hearing himself and those around him," the judge said.

It was a crazy idea, it was a wrong idea, it was a foolish idea.

The 53-year-old author of "The Roots of Obama's Rage" and its accompanying documentary, "2016: Obama's America," enlisted his mistress and an assistant as straw donors for Republican candidate and longtime friend Wendy Long in her U.S. Senate campaign.

D'Souza pleaded guilty in May. The feds sought a 10- to 16-month sentence.

"It was a crazy idea, it was a wrong idea, it was a foolish idea," D'Souza said. "I regret breaking the law."

Conservative allies including Laura Ingraham submitted letters of support to the court, vouching for D'Souza's character and saying he simply made a careless mistake by trying to help Long's longshot campaign.

Ex-wife Dixie, with whom he is in the midst of a bitter divorce battle, wrote otherwise.

Berman read her letter, in which she said D'Souza had forged her signature on checks as a way to skirt campaign finance laws. Even worse, she wrote, D'Souza was violent toward her.

Richard Harbus/for New York Daily News'It's hard for me to discern any acceptance of responsibility,' U.S. District Judge Richard Berman said of Dinesh D'Souza, pictured.

"It is my former husband who has an abusive nature. In one instance, it was my husband who physically abused me in April 2012 when he, using his purple belt karate skills, kicked me in the head and shoulder, knocking me to the ground and creating injuries that pain me to this day," she read out loud.

D'Souza's attorney dismissed those allegations as completely false.

"Never get sentenced if you're going through a bitter divorce," said Ben Brafman.

D'Souza was once a regular on Fox News.

His "2016" documentary, which proposes that President Obama is driven by an anti-colonialist agenda he inherited from his African-born father, is a smash hit among conservatives.

The conviction is a new low in D'Souza's long downfall.

In 2012, he resigned as president of the evangelical King's College in Manhattan after it was revealed he had become engaged to his mistress, Denise Joseph, while he was still married.

sbrown@nydailynews.com

D'Souza Is Spared Prison Time for Campaign Finance Violations

By JONATHAN MAHLER
SEPT. 23, 2014

New York Times

The conservative author and documentary filmmaker Dinesh D'Souza was spared prison time on Tuesday after pleading guilty earlier this year to violating federal campaign finance laws.

Judge Richard M. Berman of Federal District Court in Manhattan handed down a probationary sentence — including eight months in a so-called community confinement center — and a \$30,000 fine, bringing to a close a high-profile legal battle that started with Mr. D'Souza's indictment in January for illegally using straw donors to contribute to a Republican Senate candidate in New York in 2012.

Mr. D'Souza, who has accused President Obama of carrying out the “anticolonial” agenda of his father, initially argued that he had been singled out for prosecution because of his politics. In April, his lawyer, Benjamin Brafman, filed court papers contending that Mr. D'Souza's “consistently caustic and highly publicized criticism” of Mr. Obama had made him a government target.

A month later, however, on the morning he was scheduled to go on trial, Mr. D'Souza pleaded guilty. “I deeply regret my conduct,” he told the court.

Even with his fate hanging in the balance, Mr. D'Souza plowed ahead with his thriving career as a right-wing provocateur. Over the summer, while awaiting his sentencing, he published the book “America: Imagine a World Without Her,” which reached No. 1 on The New York Times's nonfiction hardcover best-seller list, and a companion documentary film that has made \$14.4 million at the box office.

The government charged Mr. D'Souza, 53, with illegally arranging to have two people — an employee and a woman with whom he was romantically involved — donate \$10,000 each to the campaign of an old friend from Dartmouth College, Wendy E. Long, with the understanding that he would reimburse them in cash for their contributions. Ms. Long was challenging Senator Kirsten E. Gillibrand, a Democrat.

According to prosecutors, Mr. D'Souza lied to Ms. Long about the donations, reassuring her that “they both had sufficient funds to make the contributions.” Ms. Long pressed Mr. D'Souza on the issue after the election, and he acknowledged that he had reimbursed the two people, the government said, but told Ms. Long not to worry because she had not known about it.

When Mr. D'Souza entered his guilty plea, Judge Berman said he could face up to two years in prison. The federal sentencing guidelines call for 10 to 16 months, but the final decision is up to the judge's discretion.

“Judges are all over the map on these reimbursement cases,” said Robert Kelner, a campaign-finance lawyer at Covington & Burling.

Mr. D'Souza's lawyers asked for leniency, arguing in a court filing that their client had “unequivocally accepted responsibility” for his crime. “We are seeking a sentence that balances the crime he has regrettably committed with the extraordinary good Mr. D'Souza has accomplished as a scholar, as a community member and as a family member,” they wrote, requesting that he be sentenced to probation and community service at the Boys and Girls Clubs of Greater San Diego.

The government rebutted Mr. D'Souza's claims, highlighting both the seriousness of his offense and what it called "the defendant's post-plea failure to accept responsibility for his criminal conduct."

According to the government, Mr. D'Souza assumed a different posture with respect to his case when he was not before the court. It cited a television interview he gave two days after his plea in which he "repeatedly asserted that this case was about whether he was selectively prosecuted."

In its sentencing memo, the government cited several other campaign-finance cases in which the defendant was imprisoned.

Lawyers for Mr. D'Souza rejected those cases as legitimate precedents, arguing that in each instance the government's memo had omitted key "aggravating factors."

Mr. D'Souza dealt briefly with his indictment toward the end of his new film. He was depicted in handcuffs as a voice-over from the Fox News host Sean Hannity described him as "the latest victim to be targeted by the Obama White House."

Post Politics

Dinesh D'Souza avoids jail time, gets five years of probation for campaign finance violation

Washington Post

By Sean Sullivan September 23 at 2:11 PM ?

Conservative commentator and best-selling author, Dinesh D'Souza exits the Manhattan Federal Courthouse after pleading guilty in New York, May 20, 2014. (REUTERS/Lucas Jackson)

A federal judge on Tuesday sentenced Dinesh D'Souza to five years of probation, including eight months in a community confinement center, ordering no jail time for the conservative author and pundit who pleaded guilty to using straw donors to make an illegal campaign contribution.

U.S. District Judge Richard Berman handed down the sentence, which also includes a \$30,000 fine. D'Souza must attend weekly therapeutic counseling sessions and perform community service, the judge said.

The sentence is more lenient than the prison time sought by prosecutors.

D'Souza pleaded guilty in May to violating campaign finance laws. Prosecutors said he had other individuals donate money to Republican Wendy Long, a Republican challenging Sen. Kirsten Gillibrand (D-N.Y.) in 2012, under the agreement that he would reimburse them for the donations.

Sean Sullivan has covered national politics for The Washington Post since 2012.

Courts Deny Dinesh D'Souza Chance at Prison Martyrdom

By Adam Chandler

The Wire

Last we caught up with conservative media ecosystem and Obama critic Dinesh D'Souza, he had pleaded guilty to a count of making illegal campaign contributions, wriggling out from a more serious charge of making false statements to the Federal Election Commission.

D'Souza was expected to serve at least four months of jail time even as prosecutors reportedly sought to send him away for 10-16 months. Looks like he's not going to jail at all.

He will also be forced to pay a \$30,000 fine, dedicate one day a week to community service during his confinement, and will remain on probation for five years.

In case you've forgotten here's what he did (via Reuters):

D'Souza, 53, admitted in May to illegally reimbursing two 'straw donors' who donated \$10,000 each to the unsuccessful 2012 U.S. Senate campaign in New York of Wendy Long, a Republican he had known since attending Dartmouth College in the early 1980s.

Most notably, he is avoiding jail time, which some are split about because it either would constitute excessive punishment or rob him of an opportunity to put his persecution narrative into a real context:

Jacob Lupfer @jlupf

Follow

The world will never get Dinesh D'Souza's tearful prison memoir. But he'll get more speaker honoraria this way.

http://www.huffingtonpost.com/2014/09/23/dinesh-dsouza-sentenced_n_5869666.html?&ncid=tweetlnkushpmg00000016

Katie Pavlich @KatiePavlich

Follow

Judge rules Dinesh D'Souza will not go to prison, despite misleading DOJ efforts to get him there.

1:35 PM - 23 Sep 2014

Adam Chandler

achandler@thewire.com

CLOSE CALL

Daily Beast

Conservative D'Souza Spared Prison Time

Dinesh D'Souza, a conservative writer who was facing prison time for illegally contributing to the 2012 Senate campaign of Wendy Long, was instead sentenced to five years of community service Tuesday. U.S. District Judge Richard Berman believed D'Souza had not accepted responsibility for his crime—one that “is serious and strikes at the heart of our federal election system,” according to prosecutors. In addition to a \$30,000 fine, D'Souza must spend the first eight months of his probation living in a “community confinement center,” while also undergoing “therapeutic counseling,” and allot one day a week to community service during his five-year stint. Before the verdict was announced, D'Souza's lawyer argued that his client had been singled out for his “consistently caustic and highly publicized criticism” of President Barack Obama.

Complex Frauds and Cybercrime

Maxim Chukharev

Ex-tech manager at indicted money exchange pleads guilty to U.S. charge

NEW YORK, Sept 23 Tue Sep 23, 2014 4:37pm EDT

(Reuters) - A former information technology manager at the defunct digital currency exchange Liberty Reserve pleaded guilty to a conspiracy charge on Tuesday in New York, becoming the company's fourth employee to do so since U.S. prosecutors shut it down in 2013.

Maxim Chukharev, 28, pleaded guilty in Manhattan federal court to conspiring to operate an unlicensed money transmitting business. The plea came 16 months after U.S. authorities indicted Liberty Reserve and brought charges against seven of its employees.

Manhattan U.S. Attorney Preet Bharara has said the prosecution may be the largest international money laundering case ever brought by the United States.

Prosecutors have accused the exchange of helping criminals process more than \$6 billion in money transfers and asserted that virtually its entire business was related to criminal activity, including drug trafficking, child pornography and computer hacking.

Co-founder Vladimir Kats pleaded guilty last year to charges of conspiracy and operating an unlicensed money transmitting business, while former accounts manager Azzedine El Amine and former information technology manager Mark Marmilev pleaded guilty earlier this year.

The three other individual defendants in the case remain abroad, including co-founder Arthur Budovsky, who is fighting extradition from Spain.

Chukharev is scheduled to be sentenced in January and faces up to five years in prison. (Reporting by Joseph Ax; editing by Matthew Lewis)

Liberty Reserve tech manager pleads guilty

By Julian Hattem - 09/23/14 05:14 PM EDT

The Hill

The former information technology manager at a major digital currency service pleaded guilty on Tuesday for helping the company run a \$6 billion global money-laundering operation.

Maxim Chukharev ran technological infrastructure at Liberty Reserve before it was taken down in an international operation last year.

According to the Justice Department, the company created a virtual currency that people could use to anonymous make payments back and forth and launder money from illegal activity. The department called the system the "bank of choice for the criminal underworld."

Liberty Reserve was shut down by the government last year, after conducting about 55 million transactions for a reported 1 million users. Money allegedly came from child pornography, credit card fraud, the drug trade and other sources.

It was the first ever case in which government officials used a provision of the Patriot Act to freeze a company out of the American financial system.

Chukharev, who is from Costa Rica, was charged along with six other people last year.

Three other co-defendants have previously pleaded guilty.

Sentencing is scheduled for Jan. 30.

4th Liberty Reserve Worker Pleads Guilty In \$6B Scheme

Share us on:???□By Max Stendahl

Law360, New York (September 23, 2014, 5:03 PM ET) -- A former Liberty Reserve technology worker pled guilty on Tuesday to a conspiracy charge as part of the government's \$6 billion money laundering prosecution of the digital currency firm, marking the fourth plea in the case.

Maxim Chukharev, 28, admitted during a Manhattan court hearing that he knew that Liberty Reserve had failed to register with the U.S. government as a money-transmitting business.

"I knew that was not right at all," Chukharev told Judge Denise Cote.

As part of a plea agreement, Chukharev avoided more serious money laundering charges. He is scheduled to be sentenced Jan. 30 and faces up to five years in prison.

Prosecutors charged Liberty Reserve and seven employees in May 2013, claiming the company had helped cybercriminals launder more than \$6 billion in proceeds from illegal activities including investment fraud, computer hacking and drug trafficking. The government has called the case one of the largest money laundering prosecutions ever.

According to prosecutors, Liberty Reserve did not require users to validate their identities, allowing them to open accounts using fictitious or anonymous identities. A law enforcement official working undercover was able to start a Liberty Reserve account under the name "Joe Bogus" with the address "123 Fake Main St." in "Completely Made Up City, New York," the government said.

Three other defendants — Liberty Reserve co-founder Vladimir Kats, account manager Azzeddine El Amine and Chief Technology Officer Mark Marmilev — each have pled guilty. Kats and El Amine each admitted to money laundering conspiracy and operating an unlicensed money-transmitting business while Marmilev admitted to conspiring to help operate such a business.

The government said Chukharev had worked for Liberty Reserve in Costa Rica, where the company is incorporated. He was arrested in San Jose in May 2013 and later brought to the United States to face charges.

On Tuesday, Chukharev said he first became aware of Liberty Reserve's failure to comply with U.S. registration requirements in 2011. Prosecutors have said the broader conspiracy lasted from 2006 to May 2013.

The government is represented by Serrin Turner.

Chukharev is represented by Sarah Kunstler.

The case is U.S. v. Kats et al., case number 1:13-cr-00368, in the U.S. District Court for the Southern District of New York.

--Editing by Christine Chun.

Civil Division

Rikers Island

N.Y. / Region

Prosecutor Warns That Rikers Island Problems May Prompt U.S. Lawsuit

New York Times

By BENJAMIN WEISER, MICHAEL SCHWIRTZ and MICHAEL WINERIP
SEPT. 22, 2014

As alarm mounted this year over conditions at the Rikers Island jail complex, the administration of Mayor Bill de Blasio largely managed to escape scrutiny, because the problems were rooted in its predecessor.

But on Monday, the top federal prosecutor in Manhattan criticized the de Blasio administration for the first time, suggesting that New York officials were not moving quickly enough to make reforms at Rikers and warning that his office stood ready to file a civil rights lawsuit against the city to force changes. He referred to an article in The New York Times, which revealed that key portions of a report on violence at Rikers had been withheld from federal investigators and that officials involved in reporting distorted data were promoted.

"If, as has been reported, incomplete and inaccurate information has been provided to us, and questionable promotions may have occurred, it does not instill confidence in us that the city will quickly meet its constitutional obligations," the prosecutor, Preet Bharara, the United States attorney for the Southern District of New York, said.

Mr. Bharara's office has been in discussions with the mayor's office since publishing the findings on Aug. 4 of a lengthy civil rights investigation into the abuse of teenage inmates at Rikers. The investigation yielded a scathing 79-page report that included more than 10 pages of recommendations, and said the city had 49 days — a period that ended on Monday — to agree to "develop specific policies and procedures that will implement the remedial measures" or potentially face a lawsuit.

In its report, the United States attorney's office seemed to be offering an olive branch to the de Blasio administration, noting that the city's correction commissioner, Joseph Ponte, had only recently assumed his position "and was not present when the misconduct" occurred. Mr. Bharara's office said it was looking forward "to engaging in good faith discussions" with Mr. Ponte, who had previously served as the correction commissioner in Maine for three years.

Mr. Bharara's statement on Monday did not describe the discussions his office has conducted with city officials, but it suggested that time could be running out for the city to avoid legal action.

"As the relevant city authorities are well aware," Mr. Bharara's statement said, "while we are listening to their promises to take various steps, we have an independent responsibility to ensure that the Constitution is respected and upheld everywhere, including on Rikers Island, and part of that duty is to guarantee that needed reforms are lasting, verifiable and enforceable."

The Times on Monday reported that city officials in 2013, during the administration of Mayor Michael R. Bloomberg, did not provide federal investigators with key sections of an internal review that found hundreds of fights between inmates at

the adolescent jail at Rikers were omitted from departmental statistics. The audit's authors recommended that the two wardens involved, William Clemons and Turhan Gumusdere, be demoted.

City officials instead turned over to federal authorities a sanitized version of the report that excised the most damning findings on the two wardens, who had been promoted. The article also noted that the ascent of the two officials continued in the new administration. In May, Mr. Ponte named Mr. Gumusdere the warden of the largest Rikers jail.

Mr. Ponte also promoted Mr. Clemons and made him the chief of department, the top uniformed position, despite a recommendation against him by the city's Department of Investigation. On Monday, a correction official, who would speak only on the condition of anonymity because of department policy, said that Mr. Ponte had not seen the original audit when he promoted the two.

Mr. Bharara's statement made it clear that he was focused on those promotions, taking pains to mention that part of his office's duty was to ensure "competent and attentive leadership is in place at all levels."

The statement added: "We are not, at this early stage, jumping to conclusions about the city's commitment to change, and our dialogue is ongoing. However, now that the 49-day waiting period has elapsed and all options are available to us, we stand ready to take legal action to compel long-overdue reforms at Rikers, if that becomes necessary to get the job done."

The city's current corporation counsel, Zachary W. Carter, said in a statement: "The city is fully committed to complete and expeditious reform of operations affecting all people held at Rikers Island, including adolescents. We expect to demonstrate through our actions and verifiable data — not promises or talk — that meaningful operational reforms are already underway and will continue."

A spokeswoman for Mr. de Blasio had no additional comment.

Mr. Ponte, who earned a national reputation as a reformer, was handpicked by Mr. de Blasio to become the correction commissioner and was given a mandate to overhaul Rikers. In his first five months, he enacted changes that the jail's harshest critics had praised.

At a recent meeting of the Board of Correction, a city oversight agency that monitors conditions at Rikers, Mr. Ponte announced a program to reduce the number of juveniles in solitary confinement, a practice singled out for criticism by Mr. Bharara's office. To fight contraband, Mr. Ponte has set a policy permitting regular searches of Rikers employees as they enter the jail. And in September, he said that the city had hired the management consulting firm McKinsey & Company to make recommendations for comprehensive reforms.

But as the extent of the dysfunction at Rikers becomes more apparent, Mr. Ponte's ability to pursue his reform agenda has been called into question. Mr. Bharara's statement on Monday seemed to open the door to criticism from other city officials.

The city comptroller, Scott M. Stringer, citing The Times's report, called for the immediate suspension of Mr. Clemons and Mr. Gumusdere, pending further investigation. "The department cannot sanitize its statistics to create its own version of the truth," Mr. Stringer said in a statement.

Bryanne Hamill, a member of the Board of Correction, said federal oversight could be the only option for meaningful reform. "I regret to say that it will likely be necessary for the U.S. attorney to take legal action to ensure enforceable reforms are implemented to protect adolescents," Ms. Hamill, who is chairwoman of the board's committee on adolescent inmates, said in an email.

She added that her staff members who work in the jail for adolescents at Rikers, the Robert N. Davoren Center, “still say nothing significant has changed.”

Correction: September 22, 2014

An earlier version of this article misspelled the title of Zachary W. Carter. He is New York City’s corporation counsel, not cooperation counsel.

A version of this article appears in print on September 23, 2014, on page A1 of the New York edition with the headline: U.S. Attorney Says City Risks Rikers Lawsuit. [Order Reprints](#)[Today's Paper](#)[Subscribe](#)

The New York Jail Scandal Continues

New York Times

By THE EDITORIAL BOARDSEPT. 22, 2014

A Justice Department investigation that last month uncovered a chamber of horrors at the Rikers Island jail in New York City was bad enough in its depiction of corruption and brutality in the city jail system. Now comes the news that the Department of Correction had sanitized a 2012 report that it later turned over to federal investigators, eliminating passages recommending demotion for two officials who were derelict in their jobs and failed to supervise the jail they oversaw.

The missing information included the fact that hundreds of fights had been omitted from jail statistics. The report said that the warden, William Clemons, and his deputy, Turhan Gumusdere, had “abdicated responsibility” for reporting inmate fights and violence statistics and “turned a blind eye” when the staff submitted false data to make conditions seem better than they were. There is no reason to believe that Mr. Clemons and Mr. Gumusdere, who were recently promoted, can carry out their responsibilities.

As The Times reported on Monday, all this was expunged at the order of the corrections commissioner at the time, Dora Schiri, who not only ordered the scrubbing of information damaging to the two officials but promoted Mr. Clemons to assistant chief of administration, despite an internal investigation raising questions about his conduct. This outrageous behavior lends credence to the charge that the department historically protected and empowered people who were comfortable with misconduct and a deep-seated culture of violence.

The problems did not stop with Ms. Schiri. According to The Times article, Joseph Ponte, who was appointed corrections commissioner by Mayor Bill de Blasio to clean up the troubled department, promoted both men. Mr. Gumusdere became warden of the largest jail at Rikers Island. Mr. Clemons was named the department’s highest-ranking officer, despite the advice of the Department of Investigation, which had reviewed his record and advised against it.

The mayor’s office insists that Mr. Ponte never saw the original report. It also says that after inspecting their work, Mr. Ponte determined the two men to be the best of the pool eligible for promotion. If true, that says volumes about the Bloomberg administration’s inattention to the problems at the corrections department and the mediocre staff it bequeathed to Mr. de Blasio. The city says it is reviewing the issue in light of the latest revelations.

The report, issued in August by the United States attorney in Manhattan, Preet Bharara, depicted Rikers Island as a horrific place where teenagers routinely suffered injuries during sadistic beatings by correction officers who acted without fear of being reported or punished. The report said that “inmates are beaten as a form of punishment, sometimes in apparent retribution for some perceived disrespectful conduct,” adding, “correction officers improperly use injurious force in response to refusals to follow orders, verbal taunts, or insults, even when the inmate presents no threat to the safety or security of staff or other inmates.” The Justice Department has called on the city to completely overhaul departmental operations and recommended that it remove adolescents from Rikers.

Mr. Bharara said in a statement on Monday that news of the suppressed information and “questionable promotions” did not instill confidence that the city would quickly meet its constitutional obligation to change the climate at Rikers. He further noted that the Justice Department stood ready to take legal action to compel long-overdue reforms at the city jails.

Meet The New York Times’s Editorial Board »

A version of this editorial appears in print on September 23, 2014, on page A28 of the New York edition with the headline: The New York Jail Scandal Continues. [Order Reprints](#)[Today's Paper](#)[Subscribe](#)

U.S. Attorney Preet Bharara threatens 'legal action' against Rikers Island over lack of reforms

A report on abuse of male minor inmates, issued by the Manhattan federal prosecutor's office last month, called for over 70 immediate reforms, and at the time Preet Bharara said his office might sue to intervene if he isn't satisfied with the pace of the changes. On Monday he called out 'questionable promotions' of jail honchos.

BY Stephen Rex Brown /

NEW YORK DAILY NEWS /

Monday, September 22, 2014, 1:47 PM

Jefferson Siegel/New York Daily NewsU.S. Attorney Preet Bharara, seen here in August unveiling a report on excessive force against juveniles at Rikers Island, has threatened to take 'legal action' against the jail.

Rikers Island may soon find itself on the wrong side of the law.

Manhattan U.S. Attorney Preet Bharara threatened to take "action" against the jail Monday, noting that "questionable promotions" of Rikers honchos raised concern the city was not complying with his orders for reform.

"Part of our duty is to make sure that only accurate information is put forward and that competent and attentive leadership is in place at all levels," Bharara said. "We stand ready to take legal action to compel long-overdue reforms at Rikers, if that becomes necessary to get the job done."

The Daily News exclusively reported last month that two top jail bosses were recently promoted despite their prominent roles running the Rikers facility where federal investigators found "appalling treatment of adolescents."

Seth Wenig/APLeaders at Rikers Island are facing pressure from the U.S. Attorney's office because they had failed to make reforms to improve the jail.

City Controller Scott Stringer called on the two men, Chief of Department William Clemons and Warden Turhan Gumusdere, to be suspended immediately.

"These aren't just cold statistics, these are incidents that speak directly to the safety of adolescents on Rikers," Stringer said.

Correction Department spokesman Robin Campbell defended the promotions, saying that Commissioner Joseph Ponte had personally made the appointments. "Clemons and Gumusdere were the most qualified for promotion among the uniformed ranks," Campbell said.

Bharara's statement came on the heels of a New York Times report that found the department had withheld parts of an internal review from the feds, including information on Clemons' and Gumusdere's culpability.

Even without that info, a report issued by Bharara's office last month found the island jail was "broken" and in desperate need of immediate reform.

The report, which focused on 16-to-18-year-old inmates, found “a pattern and practice of conduct at Rikers that violates the constitutional rights of adolescent inmates,” and Bharara said he believed conditions at the rest of the jail were just as bad.

Julie Jacobson/APA Bible sits on the lap of a juvenile inmate at Rikers Island during a visit from music bigs Russell Simmons and L.L. Cool on July 31.

The study called for more than 70 reforms, and Bharara said last month his office might sue to intervene if he isn’t satisfied with the pace of the overhaul.

City Corporation Counsel Zachary Carter said Mayor de Blasio would produce evidence he was fixing the jail.

“The city is fully committed to complete an expeditious reform of operations affecting all people held at Rikers Island,” Carter said.

sbrown@nydailynews.com

Bharara says reported questionable promotions do not instill confidence in jail reform

Newsday

Updated September 22, 2014 9:06 PM

By JOHN RILEY john.riley@newsday.com

Manhattan U.S. Attorney Preet Bharara said Monday a published report that the city kept his office in the dark about a quashed proposal to demote managers at Rikers Island for providing phony statistics "did not instill confidence" in the city's plan to reform the jail.

In August, Bharara's office issued a report that said adolescents housed at Rikers Island were routinely beaten and had their rights violated. The city has promised to make reforms, but federal prosecutors must decide whether to rely on voluntary efforts or file a lawsuit.

The New York Times reported Sunday that in 2012, city investigators recommended demotion of two managers at Rikers Island because they were inattentive to statistics that misled officials into believing jail fights were on a dramatic downswing.

Instead, former Correction Commissioner Dora Schriro removed the recommendation from the investigative report, and current Commissioner Joseph Ponte promoted the two men to senior positions. The original report was never given to Bharara's office.

"If, as has been reported, incomplete and inaccurate information has been provided to us, and questionable promotions may have occurred, it does not instill confidence in us that the City will quickly meet its constitutional obligations," Bharara said in a statement.

City Comptroller Scott Stringer, in a statement Monday, called for the two correction officials -- Chief of Department William Clemons and Warden Turhan Gumusdere -- to be immediately suspended.

Zachary Carter, the city's top lawyer, did not address Bharara's criticism, but said officials were "committed to complete and expeditious reform" at Rikers Island.

Preet Bharara threatens legal action over jail conditions

By Rich Calder

September 23, 2014 | 4:03am

Manhattan US Attorney Preet Bharara on Monday threatened to take legal action against the city for failing to reform the problem-plagued jail on Rikers Island.

He said “questionable promotions” of officials there and the alleged withholding of information about violence against adolescent inmates have him concerned that the de Blasio administration is snubbing his demand to fix what he’s called a “broken institution.”

“If, as has been reported, incomplete and inaccurate information has been provided to us, and questionable promotions may have occurred, it does not instill confidence in us that the city will quickly meet its constitutional obligations,” he said.

Bharara made the threat following a New York Times report claiming the city failed to provide the feds accurate information about adolescent inmate fighting on the advice of two managers, who were then promoted to senior posts.

In August, Bharara gave the city 49 days to develop remedial measures or face a Justice Department lawsuit. The city Law Department did not return requests for comment.

Mayor: 'It's a Very Bad Situation' in NYC Jails

NEW YORK — Sep 23, 2014, 4:41 PM ET

By JONATHAN LEMIRE and JAKE PEARSON Associated Press

Under pressure from a federal prosecutor, Mayor Bill de Blasio promised Tuesday to act quickly to enact meaningful reforms to New York City's troubled jail system, calling it a "very bad situation" that was years in the making.

De Blasio's responded a day after U.S. Attorney Preet Bharara took the unusual step of warning he may take legal action to force New York City to fix problems identified in a scathing federal review of the city's youth jails. It found them to be extremely violent, unsafe and controlled by guards who rule through "rampant use of unnecessary and excessive force."

"We inherited an incredibly problematic situation at Rikers Island," the mayor said, referring to the 10-jail facility that houses the vast majority of the 11,500 daily city inmates. "One thing we'll always do is tell you very bluntly how bad it is: It's a very bad situation."

Bharara's critical review last month followed a series of stories by The Associated Press and others detailing violent conditions and the maltreatment of mentally ill inmates on Rikers. The prosecutor had given the city 49 days to respond to recommendations made in his report. That period elapsed Monday.

On Tuesday, de Blasio vowed to continue to act swiftly to remedy the problems. He pointed to the appointment of a reform-minded corrections commissioner, Joseph Ponte, and the allotment of \$32.5 million in the budget to improve security and better treat mentally ill inmates, who now make up about 40 percent of the inmate population.

"I am clear and sober about the fact that this is a very thorny situation, years in the making, that we have to undo as quickly as possible," he said.

Money Laundering and Asset Forfeiture

BNP Paribas

Markets

BNP Paribas Chairman Baudouin Prot to Step Down

Jean Lemierre Seen as Likely Replacement

By David Enrich and Noémie Bissérbe
Wall Street Journal

Updated Sept. 23, 2014 11:58 a.m. ET

President of BNP Paribas Group Baudouin Prot, seen here in a file photo, intends to step down, according to a person familiar with the matter. The move comes following the bank's agreement to pay massive fines for violating U.S. sanctions. Agence France-Presse/Getty Images

BNP Paribas SA BNP.FR -1.75% Chairman Baudouin Prot has decided to step down, according to people familiar with the matter, nearly three months after the French bank agreed to plead guilty to violating U.S. sanctions and pay nearly \$9 billion in fines.

Mr. Prot is expected to step down effective Dec. 1 and be succeeded by Jean Lemierre, a senior adviser to Mr. Prot, the people said.

BNP Paribas's board is scheduled to meet Friday to confirm the moves, one of the people said.

Messrs. Prot and Lemierre didn't respond to requests for comment.

Mr. Prot was BNP Paribas's CEO from 2003 until 2011, when he became chairman, and was in charge of the bank during much of the period in which U.S. authorities allege BNP Paribas violated U.S. sanctions imposed on Iran, Cuba and Sudan.

Mr. Prot offered his resignation and wasn't pressured to step down, one of the people said. His decision was motivated in part by his being exhausted after years of battling crises, most of which was successful, and the fact that Mr. Prot is 63 years old.

But Mr. Prot also decided that, after the bank pleaded guilty to U.S. crimes that occurred during his time as CEO, it was "the honorable thing" to resign, this person said.

In the weeks leading up to BNP's settlement with U.S. authorities, bank executives were divided over whether Mr. Prot should resign, people familiar with the matter said at the time. Some executives felt that if he stepped down, it would help appease U.S. authorities and reduce the size of the financial penalty that BNP had to pay.

As part of that settlement, U.S. officials laid out in stark terms a sophisticated and long-running plan by the French bank to disguise billions of dollars in financial transactions with the three sanctioned countries.

Mr. Prot wasn't singled out as part of the U.S. case against BNP Paribas. The bank cut ties with 13 employees as part of the settlement, including its chief operating officer and head of ethics and compliance. No employees were charged with crimes.

BNP has said it "deeply regrets the past misconduct that led to the settlement" and has sought to turn the page, pledging to step up internal supervision to ensure that the bank complies globally with U.S. sanctions.

Mr. Prot joined the bank 31 years ago after brief stints at the French Treasury and industry ministry. In 1983, he was appointed deputy manager of Banque Nationale de Paris Continentale—a subsidiary of BNP, then known as Banque Nationale de Paris—before making his way up to head French retail banking in 1987 and to chief operating officer in 1996.

When BNP Paribas was created in 1999, he retained the COO mantle. Former Chairman Michel Pébereau separated the roles of chief executive and chairman in 2003, appointing Mr. Prot as the bank's new CEO. Together, the two executives built BNP into a European banking powerhouse, deftly navigating the financial and European sovereign-debt crises. The bank suffered no major rogue-trader hit like rival Société Générale SA and largely escaped other scandals that wounded other banks until the settlement with U.S. authorities, which led to record fines.

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Matters of Interest

N.Y. / Region

A Watchdog for the Police Is Accepting Complaints

By J. DAVID GOODMAN
SEPT. 22, 2014

For months now, Mayor Bill de Blasio has peppered his remarks on improving relations between the police and the community with references to the new office of the inspector general for the New York Police Department. The office, the mayor has suggested, would be an early warning system for potential flare-ups of the sort that engulfed the department over its stop-and-frisk policies.

On Monday, the inspector general's office became a part of the real world of police oversight and citizen involvement, unveiling its website and encouraging New Yorkers, including whistle-blowers, to come forward.

The new site signals that the office, headed by Philip K. Eure, is officially open for business, even if not all of its staff of more than 40 has been hired and its work space, within the offices of the Department of Investigation, has the out-of-the-box feel of a start-up.

For New Yorkers still unclear about the new office, basic questions are answered on the site: Who is the inspector general? What sorts of complaints should New Yorkers send? How is it different from the Civilian Complaint Review Board, which also investigates behavior by officers?

Indeed, much of the website is taken up with illuminating the inspector general's role and explaining how it fits in with other city agencies that monitor the activities of the Police Department. (In answer to the last question above: Complaints about the conduct of individual officers go to the review board; the inspector general looks into almost everything else, especially police policy.)

Created by the City Council last year over the objections of police unions and then-Mayor Michael R. Bloomberg, the inspector general is meant to look at "the big picture," Mr. de Blasio has said, at patterns and practices on the scale of the department's stop-and-frisk program, and to report regularly on its findings.

The inspector general has subpoena power, though only through the Department of Investigation.

Mr. Eure has yet to say whether he will look into some areas of department policy that have drawn scrutiny this year, such as the soaring number of quality-of-life arrests and the use of force in arrests like the one that led to the death of Eric Garner.

"The office has been in full building mode for the past few months," Mr. Eure (pronounced your) said in a statement on Monday. The ultimate goal, he said, is "increasing the public's confidence in the police force and forging stronger police-community relations."

In the meantime, New Yorkers may now report — anonymously, if they choose — "any complaints or concerns regarding the New York City Police Department's operations, policies, programs and practices" to the inspector general's office in writing or, soon, the site promises, by using a web form. "Whistle-blower protections apply," the site explains.

A version of this article appears in print on September 23, 2014, on page A26 of the New York edition with the headline: A Watchdog for the Police Is Accepting Complaints. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

FTC member says lawsuits focus on cyber failures

Federal Trade Commission member says cyber security lawsuits focused on systematic failures

By Wilson Ring, Associated PressSeptember 22, 2014 2:36 PM

NORTHFIELD, Vt. (AP) -- The Federal Trade Commission has investigated hundreds of cyber security breaches at companies across the country, but it has only sued 53 times, one of the organization's five commissioners said Monday during a cyber security conference at Norwich University in Northfield.

FTC Commissioner Julie Brill said the organization she helps guide tends to file lawsuits when it finds systematic failures in a company's data security practices, not when there is an isolated vulnerability in a product or service.

"The fact that a company experiences a security breach does not mean that the Federal Trade Commission will come calling, let alone will file a lawsuit," Brill said.

Brill, a Vermont resident who once worked as an assistant Vermont attorney general, was the keynote speaker during the event sponsored by the National Cyber Security Alliance. The group is holding a series of similar conferences across the country to encourage individuals and companies to do more to protect online information.

Norwich University is the nation's oldest private military academy. It trains students in cyber security and traditional military skills and prepares many for jobs with industry and the government.

In introducing Brill, Norwich President Richard Schneider said warfare is evolving from attacks with explosives and traditional weapons to cyber threats to the nation's critical infrastructure, such as the electric grid.

"Non-kinetic attacks on the United States will be the warfare of the future," Schneider said.

Brill focused more on threats to the information of private citizens. She mentioned two cases the FTC brought against the makers of popular online applications that potentially exposed users' health or financial information.

"These companies were not tripped up by bad luck. Our complaints alleged that they overrode more secure default settings and failed to test adequately what would happen after they did so," Brill said.

She said concern grows as more routine daily items end up connected — from watches to cars or even clothing — potentially exposing others to personal health information, finances or everyday activities in a citizen's home.

"As more devices become connected to the Internet the potential for more information about the most intimate details of our lives slipping into the wrong hands will grow unless appropriate safeguards are put into place," Brill said.

European banks team up with Europol in cybercrime fightback

LONDON, Sept 22 Mon Sep 22, 2014 9:00am EDT

(Reuters) - Europe's banks have joined forces with Europol's cybercrime unit to try to combat the rising and increasingly sophisticated threat being posed by cyber criminals to financial firms.

The European Banking Federation (EBF), which represents about 4,500 banks, and Europol's European Cybercrime Centre - known as EC3 - said on Monday they had signed a memorandum of understanding to intensify cooperation between law enforcement and the financial sector.

Banks are facing frequent attacks from sophisticated hackers. Wall Street bank JP Morgan said last month it was working with U.S. law enforcement authorities to investigate a possible cyber attack, and Royal Bank of Scotland and its UK peers have suffered serious attacks by hackers that have disrupted systems.

"Banks are on the frontline in this fight every day. This type of crime evolves rapidly and becomes increasingly sophisticated," said Keith Gross, chair of the EBF's IT fraud committee.

Cybercrime attacks faced by banks include coordinated attempts to disrupt websites, payment card fraud, and attempts to infiltrate systems to steal money.

The agreement between the EBF, which is a federation of 32 national banking lobby groups, and EC3, which links cybercrime divisions of police forces in EU countries, will allow them to exchange know-how, statistics and strategic information.

Banks are typically working closely with national police forces to fight cybercrime, and the new agreement should widen that across Europe, the two sides said. (Reporting by Steve Slater; Editing by Susan Fenton)

N.Y. financial regulator says to focus on cyber security

By Luciana Lopez and Karen Freifeld

NEW YORK, Sept 22 Mon Sep 22, 2014 2:54pm EDT

(Reuters) - New York's financial regulator said on Monday his agency will focus on cyber security over the next year, saying the possibility of a systemic attack to the financial system is one thing that keeps him awake at night.

"It is impossible to take it seriously enough," said Benjamin Lawskey, superintendent of the Department of Financial Services (DFS) for the state of New York.

Cyberterrorism is "the most significant issue DFS will work on in the next year," he said, speaking at a Bloomberg Markets event at the Museum of Jewish Heritage in lower Manhattan.

A series of prominent cyber attacks this year has underscored how vulnerable much data has become. Just this month Home Depot revealed some 56 million payment cards were likely compromised in a cyber attack at its stores, dwarfing another recent high-profile attack at retailer Target.

Banks, too, have not come away unscathed. JPMorgan Chase & Co said last month that it is investigating a possible cyber attack and working with law enforcement authorities to determine the scope.

A report earlier this year by DFS on cyber security in the banking sector found that most institutions surveyed have come under cyber attack at some point in the past three years. The attacks came irrespective of the institutions' sizes, highlighting how prevalent an issue hacking has become.

"I worry that we're going to have some major cyber event in the financial system that's going to cause us all to shudder," said Lawskey, who regulates both banks and insurance companies.

Lawskey noted that, while there's a role for policy makers and legislators to address the issue, the public sector also may be able to prod the private sector to take steps to better handle the risk.

"We need to think about ways to incentivize the market participants to do more to protect themselves from attacks," Lawskey said.

He noted the rising market for cyber attack insurance, still in its relative infancy. That, in turn, could help companies improve their internal systems to fight such breaches, as those efforts could help them secure policies.

"It's a bargain if we harden our systems now and protect against something more catastrophic," Lawskey said. "It is a great deal in my view. Once there is major event, everyone suffers. We're going to pay for it either now or then." (Reporting by Luciana Lopez and Karen Freifeld; Editing by Diane Craft)

Lawsky Says Punishing Individuals Key to Deterrence

Bloomberg

By Greg Farrell Sep 22, 2014 4:54 PM ET

Punishing executives for misconduct at banks is essential to deter wrongdoing on Wall Street, New York's banking regulator said.

"Just damning the entire firm is often times counterproductive," Benjamin Lawsky, superintendent of the New York Department of Financial Services, said today at the Bloomberg Markets Most Influential Summit in New York. "If you're not holding individuals accountable, you're not going to get the full effects of deterrence."

Lawsky, 44, has become increasingly influential in policing Wall Street and had a central role in BNP Paribas SA's record penalty for violating U.S. sanctions against Iran and Sudan. On top of paying the \$9 billion fine, Lawsky insisted that BNP dismiss executives and suspended the bank's ability to do transactions in U.S. dollars.

Preet Bharara, U.S. Attorney for Manhattan, also speaking at the event today, said that while bringing cases against individuals is important, legal action against firms can mobilize shareholders to force change at the company.

"That's a kind of deterrence also," he said. "Ultimately, you want to prevent bad things from happening, not just hold accountable people who have engaged in bad conduct in the past."

'Armageddon-Like'

Lawsky said that cyberterrorism is the most significant issue that DFS will work on in the next year, saying the possibility of an "armageddon-like" cyberattack is one of his primary concerns as a financial regulator.

"I worry that we're going to have some sort of major cyber-event in the financial system that's going to cause us all to shudder," Lawsky said.

Lawsky said DFS is working on ways to give market participants an incentive to defend themselves from hackers, including encouraging insurance companies to raise the standards for firms to qualify for protection against cyberattacks.

The department, which also regulates insurers, contacted companies this month about sales of universal life policies, which combine a death benefit with an investment component. His staff is seeking information about possible returns that the companies highlight to prospective clients.

"The department's concern is that indexed universal life insurance products be presented to prospective purchasers in an appropriate manner with respect to the product's future performance," according to a letter sent to the companies.

The letter, which was sent to 134 companies, was reported yesterday by the Wall Street Journal. Lawsky's office asked insurers to submit their responses by Oct. 1.

(An earlier version of this story corrected the spelling of the word "shudder" in the seventh paragraph.)

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Pursuit of Individuals in Corporate Misconduct Still Arduous

Deal Book

New York Times

By Peter J. Henning

September 22, 2014 1:45 pmSeptember 22, 2014 1:45 pm 4Comments

The Justice Department went on a bit of a charm offensive last week to emphasize to the public that prosecutions for corporate misconduct should not end with just a settlement with the company, which these days usually means paying a hefty fine that causes its stock price to rise. Instead, prosecutors want to focus on reaching individuals within an organization who are responsible for the wrongdoing, including those in the so-called C-suite, where senior officers preside over the operation.

Despite three saber-rattling speeches by Justice Department leaders, however, prosecutors looking to file charges against executives for wrongdoing will face significant hurdles. Not the least is the basic requirement in the criminal law to prove a defendant's culpable intent, which is no easy task when executives are far removed from daily operations.

Attorney General Eric H. Holder Jr. spoke at a conference last Wednesday at New York University's School of Law about corporate prosecutions, telling the audience "that the buck needs to stop somewhere where corporate misconduct is concerned." Getting there won't be easy, he said, pointing out that "it would be going too far to suggest reversing the presumption of innocence for any executive, even one atop the most poorly run institution." He called on Congress to enact new laws to encourage whistle-blowers inside companies to report wrongdoing through larger rewards and to make it easier to prosecute senior managers for corporate misconduct.

Leslie R. Caldwell, the assistant attorney general for the criminal division, spoke on the same day at the Taxpayers Against Fraud Education Fund conference, trumpeting the work of the Justice Department's fraud section. She said that prosecutors would be more aggressive in looking at civil whistle-blower lawsuits filed under the False Claims Act to see whether criminal investigations should be initiated.

Completing the hat trick, on that same Wednesday the principal deputy assistant attorney general for the criminal division, Marshall L. Miller, delivered a blunt message at the Global Investigation Review Program about how corporations trying to demonstrate their cooperation to avoid charges needed to identify individuals within the organization who were responsible for a violation. "If you want full cooperation credit, make your extensive efforts to secure evidence of individual culpability the first thing you talk about when you walk in the door to make your presentation," he said, and went on to emphasize that a company's lawyers should "make those efforts the last thing you talk about before you walk out."

The emphasis on delivering evidence to allow the prosecution of individual employees sounds like an effort to have corporations throw them under the proverbial bus to secure lenient treatment. That approach presents an interesting contrast to Tony Schwartz's Life@Work column last week for DealBook about the recently published book "Reinventing Organizations." The common denominator among successful organizations is trust, which may be difficult to foster if the company's primary goal is to spotlight individuals who will be subjected to prosecution.

Of course, the Justice Department is not particularly interested in helping a corporation that engaged in wrongdoing build trust within the organization. Focusing on this type of cooperation puts companies in a ticklish position in balancing its relationships with employees while knowing that they may have to offer up some of them to the government to prove how cooperative they are.

Whether companies will hear Mr. Miller's message remains to be seen. The report on an internal investigation at General Motors about defective ignition switches went out of its way to exonerate senior management, doing little to identify individual wrongdoing that might lead to criminal charges. The Justice Department is investigating the company, and it will be interesting to see how much credit prosecutors will give for cooperation if charges are filed.

Mr. Holder said that “we need not tolerate a system that permits top executives to enjoy all the rewards of excessively risky activity while bearing none of the responsibility.” Crafting a standard to hold them accountable will be difficult, however. In an article to be published later this year in the Mississippi Law Journal, I suggest one approach is making it a crime for corporate managers to make reckless decisions that lead to losses of more than \$1 billion. Unlike the specific intent needed for a case of fraud, proving recklessness only requires showing a defendant ignored obvious risks that were likely to lead to harm.

Changing the law to make it easier to prosecute executives is no panacea. Management could respond to such a provision by avoiding anything that could turn out to be a failure, which means lower returns for investors because the company would be more risk-averse.

Persuading Congress to enact such a statute will be no easy task either. Leaving aside the current gridlock on Capitol Hill, companies would almost certainly lobby fiercely against a law that would make it more likely executives could be accused of a crime. Wide expansions in corporate criminal liability usually come in response to a crisis like the collapse of savings and loans or accounting frauds at Enron and WorldCom, which led to enactment of the Financial Institution Reform, Recovery, and Enforcement Act in 1989 and the Sarbanes-Oxley Act in 2002. Without that kind of pressure on Congress to act, it is unlikely that federal law would be expanded significantly to reach executives.

Even if that did take place, there is still the problem of actually convicting anyone of a violation. It is a staple of large corporations that the corporate charter or bylaws require them to pay the legal fees of executives during an investigation and any subsequent legal proceedings. Companies have spent millions of dollars to defend their officers, which makes it more difficult to win a conviction.

The emphasis on prosecuting individuals is a welcome change in how the Justice Department pursues corporate crime because companies can act only through their employees. So we can expect to see charges in current investigations. One likely target will be traders involved in fixing interest and currency exchange rates along with the banks that employ them, no doubt with the usual cavalcade of incriminating emails and instant messages. Whether those cases get into the C-suite is the real challenge because all too often, as Mr. Holder noted, “the buck still stops nowhere.”

Peter J. Henning, a professor at Wayne State University Law School, is a co-author of “Securities Crimes (2d edition).”
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Judges Turn to Risk-Evaluation Tools in Sentencing Decisions

Many Are Adopting More Systematic Approach to Assessing Likelihood of Reoffense

By

Joe Palazzolo

Wall Street Journal

Updated Sept. 23, 2014 3:39 p.m. ET

Matthew Motley is between the ages of 21 and 29. That is six points against him. He is male. Two points. He has been incarcerated previously but not convicted of a felony. One point. He has been arrested or confined in the past 12 months. Three points.

Total risk score: 12 points.

Had Mr. Motley scored 15 or higher on an evaluation aimed at predicting the likelihood of future criminal behavior, a state judge in Virginia might have sent him to prison instead of sentencing the 24-year-old in May to probation and continued drug treatment. Mr. Motley, who pleaded guilty to dealing marijuana and ecstasy, declined to comment, but his lawyer, Jonathan Oates, said the sentence was the "culmination of what was really a remarkable recovery from a very dark place."

Judges have always considered the likelihood of reoffending in meting out sentences. Mr. Motley's sanction, however, reflects a broad effort to bring a more scientific approach to decisions made by judges, parole officers and corrections officials working in a system that has often relied on gut instinct. Risk-evaluation tools have emerged as the centerpiece of reforms aimed at reducing the U.S. inmate population, which boomed from around 200,000 in the early 1970s to more than 2 million today.

Many parole boards now weigh risk scores when considering early release, and prison officials use them to determine the level of security offenders require during their stay. But use of such tools in sentencing is novel and has sparked a debate over which factors are acceptable to use. Attributes such as age or sex, which employers are generally forbidden from factoring into hiring decisions, are considered by criminal-justice experts to be strong predictors of whether an offender is likely to commit a crime in the future.

The measures vary widely but generally are based on an offender's criminal history and, in addition to age and sex, may include marital status, employment and education, according to Sonja Starr, a law professor at the University of Michigan.

Pennsylvania, one of the latest to turn to actuarial tools in sentencing, is building a test that weighs the nature of offense, prior criminal history, age, sex and county of residence. The last factor is the most controversial because it could be considered a proxy for socioeconomic status. Missouri takes into account current offense and prior criminal history, age, whether the offender has a history of substance abuse, education level and employment.

Judges aren't bound by the results of the evaluations, but there is evidence they are taking them into account. Virginia officials attribute a more than 25% drop in the number of nonviolent offenders sent to prison annually to such evaluations, which are used to score felons convicted of fraud, larceny and drug crimes since 2003.

In the past decade, the percentage of offenders serving prison terms for violent crime has increased to 74% from 61%, said Chief Judge Bradley B. Cavedo of Richmond Circuit Court. "It doesn't really control the outcome, but it is useful information," the judge said of the risk measures.

Such efforts have drawn skepticism from U.S. Attorney General Eric Holder, who told a group of defense lawyers in Philadelphia last month that basing sentencing decisions on factors such as a defendant's education level, socioeconomic background or neighborhood "may exacerbate unwarranted and unjust disparities."

There is no research yet on whether the use of risk evaluations in sentencing has aggravated, for instance, the gap between sentences for black men and white men for similar crimes.

Ms. Starr believes the disparities created by risk measures are evident. "When it comes down to it, these assessments stand for the proposition that judges should sentence people longer because they were in foster care as children or had too many bouts of unemployment," she said.

Christopher Slobogin, a Vanderbilt University law professor, said the alternative was potentially more fraught. "At least these risk-assessment instruments don't explicitly focus on race or poverty, unlike what might occur in a sentencing regime where judges are making risk assessments based on seat-of-the-pants evaluations," he said.

Some legal observers, including U.S. District Judge Richard Kopf in Nebraska, believe things such as race or age should be a factor if doing so would produce a more accurate measurement of risk. He wrote in a blog post last month: "If race, gender or age are predictive as validated by good empirical analysis, and we truly care about public safety while at the same time depopulating our prisons, why wouldn't a rational sentencing system freely use race, gender or age as predictor of future criminality?"

Write to Joe Palazzolo at joe.palazzolo@wsj.com

Comey Island

There's a new war on terror. So just what is Obama's mysterious FBI director up to?

By GARRETT M. GRAFF

Politico

September 18, 2014

Tourists would have been hard-pressed to miss the crowd of FBI agent trainees wandering around the Martin Luther King, Jr. Memorial near the Tidal Basin Monday, up from the academy in Quantico for the day and clad in matching khakis and polo shirts, but they almost certainly missed the tour's significance.

One of the first visible changes to the century-old law enforcement agency by new FBI Director James Comey was his decree, in April, that new agents would tour the memorial as part of a lesson highlighting one of the bureau's darkest chapters, when founder J. Edgar Hoover abused the rights of the civil rights leader, illegally monitoring King and later even attempting to blackmail him into giving up his quest for civil rights.

Those tourists at the King Memorial surely also missed a little-noticed FBI announcement that same day that its Next Generation Identification system had achieved "full operational capability." Almost no one outside the bureau—and few even inside it—understands the full scope of NGI, but the facial recognition system is designed to be the next evolution of its vaunted fingerprint database, incorporating new forms of biometric data and more than 50 million photos of Americans—including by next year at least 4.3 million photos pulled from non-criminal settings like job applications—aimed at spitting out names of possible suspects based on source images like surveillance cameras.

Together, the two moments on Monday represent the confusing mix that is James Comey, perhaps the most complex and philosophical figure ever to occupy the seventh-floor director's suite in the hulking J. Edgar Hoover Building on Pennsylvania Avenue, named for the fearsome leader who built the crime-fighting agency—only to preside in his final years over its most grotesque excesses.

Comey cheered civil liberties advocates when he was nominated to take over the bureau last June. As the Justice Department's No. 2 in March 2004, he had dramatically confronted the Bush White House over its controversial domestic spying program, staring down Chief of Staff Andrew Card in front of Attorney General John Ashcroft's hospital bed. Maybe Comey—the man who had stood up to the worst impulses of the post-9/11 homeland security machine and took office just months after Edward Snowden laid bare the full excesses of the intelligence community over the last decade—would be the one to arrest the spread of the intrusive surveillance state.

Instead, the FBI has forged ahead with powerful new technologies and sought sweeping new powers to surveil and investigate the computers of people all over the world, even as Comey has launched a new era of openness and transparency within the bureau itself. A year into the job and amid a global surge of new terrorist threats, America's top lawman is still an enigma, keeping the lowest profile of any of the top members of President Obama's national security team.

The thing is, Jim Comey's always been hard to pin down.

But it'll help if you're willing to read a 123-page PDF by the 67th wealthiest man in the world.

So who is James Comey?

Listening to him testify this week for the first time before the House Homeland Security Committee, you'd be forgiven for thinking that he never really left government. When he stepped down from the highest ranks of the Bush administration in 2005, counterterrorism was the top of the FBI's agenda, there was an uproar over the National Security Agency's domestic surveillance program and the United States was embroiled in a Middle East war that wasn't going all that well.

Plus ça change: This week on Capitol Hill during a marathon four-hour hearing, Comey and other national security leaders underscored their strong concern about current counterterrorism trends, faced grilling about the constitutionality of various programs, and spoke about the domestic spillover threats from Syria and Iraq. "There will be a terrorist diaspora out of those areas, especially Syria, that we all wake up every day thinking and worrying about," he told the House committee, explaining how hard it was to track Americans who had sought terror training overseas or over the Internet.

The fact that today—one year into his 10-year term as only the FBI's seventh director in its 106-year history—the headlines seem so familiar, belies huge, tectonic shifts in the agency he leads, the agenda he's tackling today and even evolutions in Comey's own leadership style.

An accomplished prosecutor who tried John Gambino and Martha Stewart, Comey's previous stint at Justice was all about helping the department through the high-stress post-9/11 crucible, a searing experience that forever shaped those serving in government at the time. The days after the attack were so tense that once as deputy attorney general, as he came back to his darkened Washington house late at night after another day's hair-raising threat, Comey caught himself testing the wind's direction as he walked up his front steps: If a dirty bomb exploded downtown overnight, he wanted to know if the fallout would blow toward his five sleeping children. "The CIA was saying every month that the world was ending," Comey told me in 2008.

Now, after an eight-year absence in the private sector, he's been thrust back into a particularly unstable and shifting geopolitical environment—marked by a renewed terrorism threat from al Qaeda affiliates like al-Shabaab in Somalia and al Qaeda in the Arabian Peninsula in Yemen, jihadist groups like ISIL in Iraq and Syria and emerging cybersecurity dangers from Chinese spies and Russian hackers.

The intervening time shaped him as a leader in a way almost as profound as those stressful post-9/11 years in the Justice Department. Comey spent Bush's second term, and Obama's first, earning millions as a top official at Lockheed Martin and then at Connecticut-based Bridgewater Associates, which bills itself as the world's largest hedge fund, with some \$160 billion in assets under management.

In the private sector, Comey became a real student of organizational culture and leadership and nowhere more so than at Bridgewater, which recruited him from Lockheed in 2010. The introspective Comey—who was a double major in religion and chemistry at William & Mary and wrote his senior thesis on theologian and ethicist Reinhold Niebuhr—deeply connected with the hedge fund's unique culture, which company founder Ray Dalio explains as fostering "radical truth and radical transparency." Dalio has a 123-page guide he's published to the organization's principles—and many of those principles now sound very familiar to the FBI's leadership.

Even as the terrorism threat has resurged on his watch, Comey has had a remarkably quiet first year for an FBI director. He's steered clear of potential political dramas, faced few unfolding high-profile crises—although the Washington Navy Yard shooting during his second week in the job demonstrated how any day could be upended—and kept a remarkably low profile as he's traveled the country meeting the agency's workforce, eschewing nearly all media interviews, giving only a handful of high-profile speeches and hosting only a single formal press conference. (Aides say that one press conference, announcing the results of a nationwide FBI crackdown on child trafficking, represented a cause especially connected with him.)

One of the only times Comey made national news this year was for a poorly received joke during a Senate hearing over how the bureau's prohibition on marijuana use was hurting its ability to recruit computer geeks. "Some of those kids want to smoke weed on the way to the interview," he said, before being chastised by Alabama Sen. Jeff Sessions as providing "one more example of leadership in America dismissing the seriousness of marijuana use."

Comey apologized, but said that he was “determined” that the daily weight of his serious job wouldn’t cause him to lose his sense of humor. Indeed, his quick wit is regularly apparent even in serious situations: During an Oval Office terrorism briefing in the midst of the 2004 election campaign, Comey and Mueller reported on surveillance of a Pakistani al Qaeda sympathizer, Mohammed Junaid Babar, who was working as a taxi driver in New York and had recently taken a second part-time job, Comey teased, “Mr. President, who says this is a jobless economic recovery—Babar’s got two new jobs!”

Marijuana jokes aside, it’s no accident that Comey’s made few other national headlines. For the most part, Comey has spent a low-profile year learning the ropes of his new job. That jives with Bridgewater Principle #80: “Get a ‘threshold level of understanding.’” And, in fact, as one examines Comey’s first year on the job—he took over in early September 2013—there’s a clear playbook he’s drawing from.

Making new FBI agents visit the Martin Luther King, Jr. Memorial? That’d be Principle #6, “Be radically transparent,” Principle #18, “Be self-reflective and make sure your people are self-reflective” and Principle #19, “Teach and reinforce the merits of mistake-based learning.”

Though he’s fallen slightly short of his goal of visiting all 56 field offices in his first year (his visit to the Albany Field Office next week will mark number 45), he has devoted significant time in this first year to closed-door meetings with “the troops” around the country, introducing himself to the field and soliciting insights, problems and concerns. The gregarious Comey—a lanky 6 foot 8 inches tall with a friendly smile and sparkling eyes—will also wander around the Hoover Building, stopping in at the agency cafeteria for a bite to eat and chatting with agency employees. (Bridgewater Principle #33: “Spend lavishly on the time and energy you devote to ‘getting in synch’ because it’s the best investment you can make.”) He makes regular thank-you phone calls to field agents, analysts and personnel who have excelled or put extra effort into a particular case or project. (Principle #85: “Care about the people who work for you.”)

Comey’s been getting back in synch with an agency he’s followed closely for decades, ever since he was a junior prosecutor working in New York for then U.S. Attorney Rudy Giuliani, and catching up on the bureau’s progress made by his close friend and predecessor, Robert Mueller. (Principle #164: “Go back before going forward.”)

Mueller started his term as director on Sept. 4, 2001, and lost any chance for a smooth, orderly transition on 9/11. In the years following, under siege from Congress and the White House, Mueller shifted the organization toward a more active, intelligence-based mindset aimed not just at prosecuting terrorists after the fact but in stopping the attacks beforehand. A former marine, decorated for combat valor in Vietnam, Mueller drove the organization hard for years, refocused its mission on counterterrorism and remade its workforce, hiring thousands of new intelligence analysts and thousands of new agents. “Director Mueller changed our entire mission,” says Kevin Perkins, the bureau’s associate deputy director, its No. 3 position. “Mueller had a job to take that beachhead, as only a marine can do.”

Mueller’s remarkable 12-year tenure, making him the longest-serving director since Hoover, allowed him to put an especially strong stamp on the agency’s future. Only two members of the bureau’s 250 senior leaders predate Mueller, and around 55 percent of the entire 35,000-strong workforce have known only Mueller as director.

But by 2013, the agency was ready for a different type of leader—one more focused less on the day-to-day threat environment, as Mueller spent many of his years, and more focused on long-term strategic change.

President Obama’s choice of Comey was hardly a surprise, and while Comey sailed through Senate confirmation with strong bipartisan support, he is a solid, registered Republican who donated to both Mitt Romney and John McCain, making him the highest-ranking appointee to the Obama administration to have maxed out to both of the president’s opponents.

“He doesn’t care about politics,” Obama said in announcing Comey’s appointment—but he checked many of the president’s boxes as a prosecutor whose independence and integrity were beyond reproach. In Bush’s Justice Department, Comey personally chose his friend Patrick Fitzgerald to investigate the leak of Valerie Plame’s status as an intelligence officer, a move that ended up unraveling the career of Scooter Libby, a close aide to Vice President Dick Cheney. And it was Comey’s surprise congressional testimony in 2007 about the March 2004 hospital room showdown that hastened the

ignominious departure of Attorney General Alberto Gonzales later that year. (Comey might say his actions at Ashcroft's bedside in 2004 aligned with Principle #209: "Avoid the temptation to compromise on that which is uncompromisable.")

Last year, before his nomination, Comey was one of several high-profile Republicans to sign onto an amicus brief submitted to the Supreme Court supporting gay marriage—a group that included Ken Mehlman, Jon Huntsman, Alex Castellanos and Nicole Wallace. (Principle 23: "Fight for right.") Now, as director, he's frustrated Republican lawmakers (and the Wall Street Journal editorial page) by not placing a higher priority on the FBI's investigation into whether the IRS inappropriately targeted conservative political groups for scrutiny.

Gun violence has always been a particular point of concern for him: As a 15-year-old in Allendale, New Jersey, he and his brother were held at gun point by a wanted rapist who broke into their suburban home. As a prosecutor in the 1980s, he led a cutting-edge program in crime-ridden Richmond, Virginia, known as "Project Exile" that federalized local gun crime prosecutions and delivered long, tough sentences for those convicted of weapons charges. So far, though, the FBI under Comey has not launched any new major gun violence efforts, although gun and gang violence has been a regular topic of conversation for Comey in his meetings with police chiefs and sheriffs across the country.

More than politics or policy issues, Comey's appointment seemed geared at tapping his private-sector experience, leading an organization that now has an \$8 billion annual budget, more than 450 domestic offices and operations in some 60 countries overseas. Since 9/11, the FBI had grown into the equivalent of a mid-sized global Fortune 500 company and needed a leader equal to that task. "The organization today needs an effective CEO to be a first-class institution that can move and have the agility to deal with today's threat," says Mark Giuliano, a career FBI agent chosen by Comey in December to be deputy director. (Principle #175: "Build your organization from the top down.")

Today Comey's low-key style is reshaping the director's suite—even though aides are quick to say that the friendlier tone doesn't mean he's any less driven, less focused or any less demanding than Mueller as a boss. Instead, they say, Comey's tone is meant to encourage bureau leaders to speak up about their problems. "Wouldn't it be awesome if we could design a workplace where people will actually speak truth to power?" he says in a corporate video he did for Bridgewater Associates while he was working there. "Where people will have enough confidence to be humble?"

Comey wore a blue shirt on as director the first day—a marked change from his predecessor, who famously and strictly adopted the Hoover-era tradition of white dress shirts and dark suits. In meetings, he tries—with limited success—to encourage people to take off their suit jackets. Not because he's particularly casual or a flashy dresser: He just wants people to stretch their thinking.

"I had sat in the White House Situation Room, in meetings chaired by the president, where I could tell from the body language of people around the table that they had things to say and didn't say them. They were literally buttoned up, suits and ties or military uniforms all shined up, and figuratively buttoned up," he explains in that same corporate video, clad in a brown cashmere V-neck sweater. "One of my great frustrations about my time in government was watching people make decisions without having gotten that information out of people and without a recognition that they could be wrong."

Today, he's encouraging his staff to speak up and debate him—a radical idea at the conservative FBI. As he explains in that same Bridgewater video, "Doubt at a high level in government is seen as weakness. And I thought: Doubt's strength, right? The wisest people I worked with had been making decisions knowing they could be wrong. And wouldn't it be cool if the leadership of an organization thought about it that way?"

While his wide-ranging visits, casual conversations and phone calls have made him wildly popular with field agents, Comey actually reversed his initial promise to undo one of the bureau's least popular personnel policies. He came into office last year intending to reverse a Mueller-era policy that limited to seven years how long a field supervisor could serve in a given position, but after numerous conversations with field agents, executives and the agents' association, he changed his mind and upheld the policy—communicating his decision to the field with a lengthy email. "Many people still disagree, but it was handled very transparently. He made sure everyone felt like they had a seat at the table," explains Perkins, the FBI's No. 3. (That'd be Bridgewater Principle #1.4: "Be extremely open.")

Perhaps most radically for an agency not known for trumpeting its failures or shortcomings, Comey's trying to instill a culture of self-reflection. As Perkins explains, "His message is 'We're human beings, you will make mistakes. It's critical we make as few as possible.'"

Mistakes, in fact, are a core focus of the Bridgewater Principles. The word appears 151 times in Dalio's 123-page document. Take Principle #8: "Create a culture in which it is OK to make mistakes but unacceptable not to identify, analyze, and learn from them." Mistakes, in the Bridgewater culture, are seen as a natural outgrowth of innovative thinking.

Giuliano, Perkins and the other executives at the Hoover Building all have stories about how Comey has deeply probed missteps and bad decisions to figure out whether there's a systemic problem or just a fluke—as well as the reverse. "Jim's very thoughtful and inquisitive about when we make good decisions and who makes them," Giuliano says. "He's very focused on future leadership." (Principle #56d: "Dig deeply to discover why people did what they did.")

One of the oddities of the job of the FBI director is its long tenure; the 10-year, non-renewable term allows leaders to be uniquely focused on long-term development and strategy—and nurturing the staff. Comey knows that the men and women who will be his closest aides, deputies and assistant directors in 2022 or 2023 are today just young agents and analysts, junior field supervisors scattered in field offices all around the country. (Principle #107: "Understand that you and the people you manage will go through a process of personal evolution.")

A year in, the FBI Comey says he's hoping to build focuses on three pillars: Leadership, intelligence and cyber. In each area, he's beginning to put his own stamp on the agency's organization and focus: He promoted this summer Eric Velez-Villar to be the executive assistant director for intelligence, the highest-ranking Hispanic ever in the bureau, which has long struggled with diversity of all kinds in its agent corps and is today just 17 percent minority. It's a troubled post that Mueller had first established after 9/11, recruiting a former NSA official to head the new intelligence branch, only to watch the experiment fail; he later subsumed its responsibilities back into the national security branch.

Now Comey believes that the bureau's capabilities are mature enough to support a high-level intelligence executive, and he promoted Velez-Villar, a career FBI agent, to the reestablished role, hoping that Velez-Villar will be able to apply the FBI's growing intelligence resources to investigating criminal matters, not just counterterrorism and counterintelligence. (That'd be Principle #176: "Have the clearest possible delineation of responsibilities and reporting lines.")

He's also already talking about—or more accurately whispering about—one day dismantling the FBI's cyber branch, which is in charge of the bureau's wide-ranging efforts against cybercriminals, hackers and online intrusions by foreign intelligence. The proposal is so controversial that agents and former officials are already raising concerns, even though the idea is probably years down the road. Comey and his leadership believe that the cyber branch should instead be spread across the whole organization, becoming part of every investigation and every squad rather than standing on its own.

For Comey, the biggest change he's seen since returning to government is the rise of Internet-based crime. "I call it a sort of an evil layer cake—with nation states at the top, terrorist groups, international criminal syndicates, hackers, and thugs and criminals and child abusers and pedophiles," he said Wednesday. "That's where bad people come to do harm across those dimensions—people who want to hurt my kids, steal my identity, damage our infrastructure, steal our secrets."

And, precisely because cyber spans all aspects of the bureau's work, it should be part of all of the bureau's work rather than a standalone unit, his team says. (Principle #174: "Most importantly, build the organization around goals rather than tasks.")

Cybersecurity and cybercrime issues have also brought the FBI in recent years into much closer contact with the private sector. FBI agents are regularly investigating corporate hackings like the recent attacks on Home Depot and JP Morgan, and working with top private companies to secure their networks across criminals and foreign governments.

And, although it's early to be making predictions, perhaps Comey—the first-ever FBI director with significant private sector experience—will find that his greatest contribution to the organization is in further fostering those relationships. He recruited back to the bureau earlier this year a former agent, Brad Brekke, as its first director of private-sector engagement. (Principle #166: Design your machine to achieve your goals.)

Comey is slowly re-adjusting to life in Washington; while he's bought a house in northern Virginia, he commutes regularly back and forth to Connecticut, where his wife and the two youngest of his five children are still in school. The mostly solitary D.C. life during the workweek has allowed him plenty of time to learn the bureau's ins and outs. "He just eats that briefing book each night," Perkins says. "There's not a word in there that escapes his eyes." (Principle 206: "Understand and connect the dots.")

Provided he stays on for the majority of his full term, Comey will also likely oversee the FBI's transition from the Hoover Building to a new headquarters somewhere in suburban Maryland; three sites are under consideration for a move planned for the next five or six years. In an early discussion about the relocation with aides, Comey spoke about the need to design a building and campus that'll be flexible for decades to come. They are, Comey pointed out, building an FBI headquarters for agents who haven't even been born yet.

That'd be Principle #167: "Put things in perspective."

Garrett M. Graff is a senior staff writer for POLITICO Magazine. He was the editor of Washingtonian magazine for five years.

Read more: <http://www.politico.com/magazine/story/2014/09/comey-island-111120.html#ixzz3EAtjZGB6>

Automobiles

Seized and Sold: The Marshal Holds a Muscle Car Auction

By NATHAN LALIBERTE

SEPT. 19, 2014

LODI, N.J. — The first car offered was a 1970 Ford Mustang, a rare 21,000-mile Boss 429 model in Grabber Green. Not that anyone could tell the color — the lighting, a splotchy mess of glare and shadow, was that bad.

Usually, the public auction of a valuable muscle car collection is a meticulously staged event. But this sale was a few-frills affair by the United States Marshals Service, arranged to dispose of nine all-star examples from Detroit's era of unrestrained excess that had been seized in a case of health care fraud.

Instead of flattering displays, the scene in this blue-collar suburb some 15 miles west of Manhattan was one of burly men, armed with pistols and wearing badges, standing guard as the auctioneer, Mike Sklar, lifted his microphone to open the bidding.

"Who wants to start me?" Mr. Sklar said. "Somebody start me at \$100,000. 115 in the back, 120 in the front, 135 in the back, 250 online!"

The crowd buzzed. "255 with the black hat in the back — that's right, I'm looking at you," the patter continued. "Now 260 with the red shirt, 265 back to the black hat...once...twice...third and last time. Your car, sir!"

For a sale that would net about \$2.5 million, there was a notable absence of amenities. Absent, in fact, were restrooms or even a water fountain. This was not Pebble Beach or Amelia Island; it was a dark and musty warehouse. If you wanted coffee, there was a Wawa convenience store about half a mile down the road.

The surroundings may have been drab, but the cars being offered were nothing short of blue-chip collectibles. There were several Yenke cars — Chevrolets modified when new by the racecar driver Don Yenke at his Chevrolet dealership in Canonsburg, Pa. — including a Camaro, a Nova and a Chevelle, all coupes from 1969 and all powered by 427-cubic-inch V8s. There was also a brilliant orange '70 Plymouth Superbird with a 426 Hemi ("best paint job I have ever seen, hands down," one bidder muttered), a '67 Mustang Shelby GT 500 and a '71 Plymouth Hemi 'Cuda in mid-restoration.

Overseen by A.J. Willner Auctions, a Springfield, N.J., specialist in liquidation proceedings, the event drew some 250 bidders, mostly seasoned muscle car aficionados looking to add some horsepower to their existing collections.

Dennis Albaugh, whose collection includes more than 150 Chevrolet convertibles, flew in from Iowa to buy the Yenke Nova. "I have been looking forward to this car for quite some time," Mr. Albaugh said, staring intently at the Rallye Green Nova through wire-rim glasses. "I was at the auction where it was last sold. But the guy paid \$580,000 for it, which was too much at the time."

The Nova and eight other vehicles were seized from the home of David Nicoll, 40, in June 2013. Mr. Nicoll pleaded guilty last year to a multimillion-dollar fraud scheme involving, according to the F.B.I., bribes to physicians to order unnecessary blood tests. The blood samples were sent to Biodiagnostic Laboratory Services, partly owned by Mr. Nicoll.

Instances of criminals spending fortunes on fast collectible cars have surfaced before, but Juan Mattos Jr., a United States Marshal for the District of New Jersey, told bidders that in the 225-year history of the Marshals Service, they had "never had this type of collection of rare muscle cars" at a single event.

"We have auctioned off cars, properties, jewelry, even horses, but never in our history have we had this much horsepower assembled in one room," Mr. Mattos said, adding that proceeds would most likely be released as restitution for the victims of the crimes.

A Lime Gold 1967 Shelby GT 500 Mustang was up next.

"I am not answering any questions," the auctioneer said. "Who starts me at \$100,000 on this one? 110...120...130. There is no buyer's premium, gentleman — and ladies. 160 I have in front of me, now 170 in the back. Sold to the bidder in the back!"

Louis Marano, a plumber from Verona, N.J., jumped in at the last moment with the winning bid.

"These are rare and hard to find, and I know this one is in mint condition," said Mr. Marano, dressed in work boots, beige cargo pants and a white sweatshirt. "I am not a collector or a rich guy, just an everyday guy who works hard and is going to drive this car."

After a 1970 Chevrolet Chevelle convertible hammered for \$70,000, bidders shifted their attention to the star of the auction: the Yenko Nova, one of just 37 assembled in 1969 — and fewer than a dozen 427 Yenko Novas thought to have survived, according to Jerry MacNeish, a respected appraiser and authority on the cars. The rarity of the Super Sport package and 427 conversion made this Nova "one of the most collectible Nova SS's ever produced," Mr. MacNeish said.

Bids for the Nova quickly soared to \$350,000, with Mr. Albaugh raising his bidder paddle like an auction veteran — quickly and casually, legs crossed. In the end, Mr. Albaugh, who owns a large agricultural chemicals business, beat out fellow attendees and several online participants with a winning bid of \$400,000.

"I am happy I got it for the price I was hoping for," he said, before rushing off to the airport. "I will take it back to the shop, see if it needs anything, and then it will sit in the showroom."

Don Yenko's daughter, Lynn Yenko, traveled from Illinois for the auction and was delighted to see the Nova sale result.

"It's just such a rare car," Ms. Yenko said, adding that as a teenager she had been responsible for pinstriping her father's powerful creations before they were delivered to owners. "It was amazing when I found out there was so many to be sold at one time, especially the rare ones like the Nova."

Other sales included the Superbird, which brought \$575,000, the Yenko Camaro at \$315,000 and the Yenko Chevelle, which sold for \$237,500.

The final sale was a 1971 Plymouth Hemi 'Cuda — one of just 110 such coupes produced that year, according to Jack Struller, a Hemi expert — seized partway through an extensive restoration project. Most of the components for this rare Plymouth, including an original 426 engine, were organized in neat piles around the car. Several brawny agents in blue United States Marshals jackets stood guard, making sure the parts did not mysteriously go missing.

"The rarity of this car — being a high-option vehicle — and the fact that someone can finish the project, is very appealing for buyers," Mr. Struller said. Bids quickly reached \$300,000 and then crawled in \$5,000 increments as buyers weighed their commitment to completing the exhaustive restoration process. The 'Cuda finally sold to two avowed fans of Chrysler products, Richard and Nancy Buzby, for \$347,500.

"We are Mopar collectors and the '71 'Cuda is the epitome, regarded by most collectors as the best 'Cuda," said Mr. Buzby, chief of police for Little Egg Harbor, N.J. "We have three children who all want to be in the classic car industry. When they hear we got this car, it will be like Christmas forever."

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Wednesday, September 24, 2014

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Complex Frauds and Cybercrime

Maxim Chukharev

Liberty Reserve Employee Pleads Guilty in Bank Scheme

Bloomberg News

By Bob Van Voris Sep 23, 2014 6:20 PM ET

The former information technology manager of Liberty Reserve SA, which prosecutors say was a “black-market bank” that masked more than \$6 billion in criminal proceeds, pleaded guilty to conspiring to operate an unlicensed money-transmitting business.

Maxim Chukharev, 28, worked with the company’s former chief technology officer, Mark Marmilev, at Liberty Reserve in Costa Rica to maintain computer infrastructure, the U.S. Justice Department said in a statement today. Marmilev pleaded guilty Sept. 11.

Chukharev entered his plea today before U.S. District Judge Denise Cote in Manhattan federal court, prosecutors said. He’s the fourth person connected to Liberty Reserve to plead guilty. Charges are pending against three others, including Liberty Reserve founder Arthur Budovsky.

Chukharev is scheduled to be sentenced Jan. 30.

Liberty Reserve, incorporated in Costa Rica, was one of the world’s most widely used digital currency services, according to the U.S. The company was created and structured “as a criminal business venture, one designed to help criminals conduct illegal transactions,” Manhattan U.S. Attorney Preet Bharara said. Prosecutors shut down the company last year.

Liberty Reserve had an estimated 1 million users around the world and conducted a total of about 55 million transactions - - almost all of them illegal -- including 200,000 in the U.S., Bharara said. U.S. investigators have found that criminal rings used Liberty Reserve to distribute illicit proceeds from Vietnam, Nigeria, Hong Kong, China and the U.S.

The company helped users launder illegal proceeds from crimes or transfer funds among associates, prosecutors said. Liberty Reserve’s digital currency was used by people committing identity theft, credit card fraud, computer hacking, child pornography and narcotics trafficking, prosecutors said.

The case is U.S. v. Kats, 13-cr-00368, U.S. District Court, Southern District of New York (Manhattan).

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**Former Liberty Reserve Information Technology Manager Pleads Guilty: DOJ
Maxim Chukharev Pleads Guilty to a Conspiracy Charge**

Wall Street Journal
By Josh Beckerman
Sept. 23, 2014 4:56 p.m. ET

The former information technology manager of Liberty Reserve, which allegedly created an Internet-based currency to launder money for criminal endeavors, pleaded guilty in connection with his role in maintaining the company's technology, the Justice Department said.

Maxim Chukharev pleaded guilty in New York to conspiring to operate an illegal unlicensed money-transmitting business, the Justice Department said.

In 2013, officials brought charges against a group of men who allegedly manufactured the Internet-based currency. Federal prosecutors accused Costa Rica-based Liberty Reserve of running a \$6 billion money-laundering operation that became a "bank of choice for the criminal underworld."

The system allegedly was designed to give criminals a way to move money earned from credit-card fraud, online Ponzi schemes, child pornography and other crimes without being detected by law enforcement.

Of seven people charged, three have previously pleaded guilty, the Justice Department said. Earlier this month, the DOJ announced that Liberty Reserve's former chief technology officer, Mark Marmilev, pleaded guilty to conspiring to operating an unlicensed money-transmitting business.

Mr. Chukharev's sentencing is scheduled for Jan. 30.

Virtual currencies, most notably bitcoin, still account for only a tiny fraction of global transactions, but they are being embraced by some Internet merchants and are used in a host of legitimate transactions. Law-enforcement officials are concerned about criminals' ability to move around money outside the regulated world of banks and traditional money-moving services.

Liberty Reserve's Maxim Chukharev pleads guilty to operating an unlicensed money transmitting business

TICO Times

NEW YORK — The head of technology for Liberty Reserve, an alternative digital currency used in what authorities called a massive global fraud scheme, pleaded guilty Tuesday to criminal charges.

U.S. prosecutors said Maxim Chukharev, 28, of Costa Rica, pleaded guilty in New York federal court to conspiring to operate an illegal unlicensed money transmitting business.

Sentencing was scheduled for Jan. 30, with a maximum penalty of five years in prison, a Justice Department statement said.

Chukharev was one of seven people charged in May 2013 when federal authorities announced they had shut down what was described as one of the world's biggest money laundering schemes.

Investigators said the scheme laundered more than \$6 billion in criminal proceeds between 2006 and 2013 by establishing accounts using the alternative Liberty Reserve currency.

The digital exchange mechanism, which allowed depositors to mask their identities, was similar to bitcoin and other digital currencies.

"Liberty Reserve was used extensively for illegal purposes, functioning as the bank of choice for the criminal underworld," a Justice Department statement said.

It "was created, structured and operated to help users conduct illegal transactions anonymously and launder the proceeds of their crimes," the statement added.

Liberty Reserve's principals were arrested in a roundup last year in Costa Rica, Spain and New York, sealing the fate of a company that had been one of the most successful in the popular but increasingly scrutinized world of unofficial banking and virtual currencies.

The indictment accused Liberty Reserve founder Arthur Budovsky — a former U.S. citizen who took Costa Rican nationality — and his partners of creating a firm that masqueraded as a convenient and legitimate money transfer system.

Before being shut down, Liberty Reserve had more than a million users worldwide, including more than 200,000 in the United States, with transactions totaling more than \$6 billion in funds, officials said.

Three co-defendants — Vladimir Kats, Azzeddine el Amine, and Mark Marmilev — previously pleaded guilty and await sentencing. Charges are pending against the three others.

The probe involved law enforcement in 17 countries and is believed to be the largest money laundering prosecution in history, prosecutors said.

Public Corruption

D'Souza

Dinesh D'Souza Avoids Jailtime Despite Letter From Estranged Wife Claiming Abuse

New York Magazine

By Joe Coscarelli

Disgraced professional Obama hater Dinesh D'Souza was sentenced today in Manhattan court to five years' probation, including eight months in a "community confinement center," for campaign-finance fraud. The 2016: Obama's America "documentarian" previously pleaded guilty to using straw donors, including his then-married mistress, her husband, and his wife of 20 years, to support his friend from college in a failed senate campaign. He also claimed the charges were probably "a kind of payback" for his criticism of the president.

"I'm not sure, Mr. D'Souza, that you get it," the judge told him today.

D'Souza, who was also fined \$30,000, managed to avoid prison despite a pretty damning character witness in the form of his soon-to-be-ex-wife, Dixie D'Souza. (In a previous D'Souza scandal, you may remember, he was forced to resign as president of the evangelical King's College because he was engaged to his girlfriend while still married to his wife — "truly a case where I didn't know better," he claimed in the classic Constanza defense.)

In a five-page letter to the sentencing judge published by The Smoking Gun, Dixie claimed that Dinesh used the couple's daughter "to bolster his character" in a "patently false" letter of her own. "Contrary to the statement made in Mr. D'Sourza's sentencing memorandum, it is my former husband who has an abusive nature," she wrote. "In one instance, it was my husband who physically abused me in April 2012 when he, using his purple belt karate skills, kicked me in the head and shoulder, knocking me to the ground and creating injuries that pain me to this day."

It sounds like he will have plenty to talk about in his "weekly therapeutic counseling sessions."

Terrorism and International Narcotics

Suleiman Abu Ghayth

Courthouse News

Bin Laden's Son-in-Law Given Life in Prison

By ADAM KLASFELD

MANHATTAN (CN) - Osama bin Laden's son-in-law Sulaiman Abu Ghaith made new threats minutes before a federal judge sentenced him to life in prison this morning.

"The same moment that you shackling my hands and intend to bury me alive, you are at the same time unleashing the hands of hundreds of Muslim youth," he told the court, after opening his speech with an Islamic prayer.

"Soon, very soon, the whole world will see the end of theater plays known as trials," Abu Ghaith added.

Although his attorney minutes earlier described Abu Ghaith as "basically a deer in the headlights" of al-Qaida, U.S. District Judge Lewis Kaplan said that Abu Ghaith's bluster gave the lie to that argument.

"You, sir, are as far from a deer in the headlights as anyone I have ever encountered," Kaplan said, addressing Abu Ghaith directly.

The Kuwaiti cleric appeared in a propaganda video next to his late father-in-law Osama bin Laden and then-deputy Ayman al-Zawahiri the day after the Sept. 11, 2001, attacks killed nearly 3,000 people in the World Trade Center, the Pentagon and a Pennsylvania field.

While Abu Ghaith played no role in those attacks, he had heard before that date that "something big" was going to take place, and he left his pregnant wife in Kuwait days before the attacks to prepare for the fallout in Afghanistan.

"I believed in the days or so to come, I would have the opportunity to offer something," Abu Ghaith testified. "I had something to offer in the time to come."

Summoned personally by bin Laden after the attacks, Abu Ghaith delivered a televised sermon the next morning, with an AK-47 by his side as he tried to recruit al-Qaida fighters for more plots.

He popped up in several such videos for a little more than a year.

Al Jazeera broadcast his Oct. 9, 2001, speech warning that the "storm of airplanes will not abate."

A communique two days later warned Muslims in the United States and Britain to stay away from tall buildings.

Kaplan at the hearing recounted another video featuring a meeting of Abu Ghaith sitting with bin Laden and other al-Qaida members talking about the Sept. 11 attacks.

Mimicking bin Laden's hand gestures of the attacks, Kaplan placed one hand up as one of the towers and another as a plane at the point of collisions. Bin Laden said that he was the only member of the circle who knew what would happen in advance, and other people in the group swapped stories of dreams and premonitions that they claimed to have of the event.

All of the men were laughing, Kaplan recounted.

"It was funny," the judge said, describing how the men felt about the attacks. "It was a success, the massacre."

Federal prosecutors aired such footage repeatedly during the cleric's nearly month-long trial, which ended with a jury entering convictions for material support of terrorism and conspiracy to kill U.S. nationals. The probation department found that there was "no fathomable reason to justify a sentence other than life."

Inside a packed federal courthouse on Tuesday morning, Ghaith's attorney Stanley Cohen said that his client stood convicted only of his "speech and associations."

"You have speech, speech and more speech," Cohen said.

He compared his client to another al-Qaida spokesman, Adel Abdel Bary, who copped to a plea with the government last week for trumpeting the 1998 attacks on two U.S. Embassies in Africa from the terrorist group's London media office.

Bary's plea capped his sentence at 25 years, but the Egyptian may leave prison earlier based on time he already served in a British prison.

Kaplan, who presides over both cases, has not yet accepted Bary's plea.

Assistant U.S. Attorney John Cronan insisted that the cases were different, and he offered to explain why to the judge privately.

The extenuating evidence supporting a plea deal for Bary has not yet been made public.

Although he acknowledged that Ghaith was not "operational terrorist" or a "bomb thrower," Cronan added that "al-Qaida replenishes its supply of suicide operatives" because of men like him.

Before he was captured in Turkey, Abu Ghaith spent 10 years in an Iranian prison, where he claims he was tortured. He said his first wife divorced him there because she believed he was dead. He married bin Laden's eldest daughter, Fatima, while still in prison there.

Abu Ghaith also spent his Iranian incarceration writing a book that renounced al-Qaida's "culture of killing," and urged would-be jihadists to focus their efforts building state institutions, Cohen said.

By the end of sentencing, Kaplan remained unconvinced that anything had lessened Ghaith's "commitment to this murderous agenda."

Life Sentence for Bin Laden's Son-in-Law Is Hardly 'Soft' on Terrorism

Huffington Post

Posted: 09/23/2014 12:17 pm EDT Updated: 09/23/2014 2:59 pm EDT

On Tuesday morning, a federal district court judge in New York sentenced Osama bin Laden's son-in-law to life in a U.S. federal prison.

When Sulaiman Abu Ghaith was arrested abroad last year, conservative lawmakers were outraged. "He is an enemy combatant and should be held in military custody," Senator Mitch McConnell (R- Ky.) said last February. Senators Lindsey Graham (R- S.C.) and Kelly Ayotte (R-N.H.) insisted Abu Ghaith should have been sent to Guantanamo Bay.

Fortunately, the Department of Justice didn't agree. The Kuwaiti imam was questioned and spoke freely to FBI interrogators, providing valuable information about al Qaeda and incriminating himself repeatedly. A little over a year after his arrest by U.S. agents in Jordan, Sulaiman Abu Ghaith was convicted by a New York jury in March of conspiring to kill Americans, conspiring to provide material support or resources to kill Americans, and providing that support.

The U.S. government claimed only that Abu Ghaith made a handful of speeches for al Qaeda between May 2001 and 2002. But because he was convicted of joining the al Qaeda conspiracy by becoming its propagandist, his conviction ultimately holds him responsible for the murders of all Americans al Qaeda orchestrated between 1998 and 2013. That's how U.S. conspiracy law works.

U.S. lawmakers eager to look tough on terrorism may continue to insist that suspected terrorists go directly to Guantanamo Bay. But there's no comparable law applicable in the Guantanamo military commissions that could hold a mere preacher and propagandist responsible for all the murder and mayhem caused by the group he took up with. It's therefore extremely unlikely that someone supporting al Qaeda the way Abu Ghaith did would end up with nearly as long a sentence at Guantanamo, if he were convicted there at all.

Congress tried to give the commissions jurisdiction over conspiracies when it passed the Military Commissions Act, but the appeals courts have so far held that portion of the law does not apply to acts committed before 2006. That's because "conspiracy" itself was never before considered a war crime, and military commissions exist specifically to try war crimes. "Material support" for terrorism -- the other charge against Abu Ghaith -- was not traditionally a war crime triable by a military commission, either.

As a result, the "enemy combatants" the Bush administration sent to Guantanamo and charged in military commissions have received sentences much shorter than those doled out in the federal courts. Of the eight men convicted, only three remain at Guantanamo. Two of the convictions have been overturned on appeal.

Critics have expressed legitimate concerns about U.S. conspiracy law, saying it's too easy to convict some people accused of low-level terrorist assistance and sentence them to hard time in highly restrictive prisons.

But the claim that the U.S. prison system is somehow too "soft" on terrorists or gives them rights that ought to be reserved for U.S. citizens is simply impossible to support. The life sentence of Sulaiman Abu Ghaith is just the latest evidence against it.

Civil Division

Rikers Island

To Fix Rikers, de Blasio Wants Outside Help at Jail Agency

New York Times

By MICHAEL SCHWIRTZ and MICHAEL WINERIP

SEPT. 23, 2014

Facing the prospect of a federal lawsuit over abuse and corruption at the Rikers Island jail complex, Mayor Bill de Blasio said on Tuesday that he would seek to change civil service laws to allow his administration to use uniformed officers from outside the Correction Department to help fix the system.

The proposal, which immediately put union leaders on the defensive, appeared to be an acknowledgment by the administration that some of the highest ranking uniformed officers were an obstacle to reform at Rikers, something jail critics have long argued.

“We’re handcuffed by some laws, in terms of how we choose personnel,” Mr. de Blasio said at a news conference. “And we are going to work to change those laws, because we have to have the flexibility to bring in people who can help us really fix something profoundly broken.”

His remarks came a day after Preet Bharara, the United States attorney for the Southern District of New York, criticized the pace of the de Blasio administration’s reform efforts. In particular, Mr. Bharara raised questions about the promotion of two Correction Department officials who an internal audit said reported distorted data about inmate fights.

In a blunt statement, Mr. Bharara, who published a highly critical report last month detailing violence at an adolescent jail at Rikers, warned that his office stood ready to file a civil rights lawsuit against the city to compel changes.

He referred to an investigation by The New York Times, which found that the city in 2013 did not provide federal investigators with large sections of the internal audit that described the omission of hundreds of fights from the official statistics on violence at the adolescent jail. The audit concluded that William Clemons, the warden of the jail at the time, and his deputy, Turhan Gumusdere, were responsible for the omission and ordered them demoted.

The correction commissioner at the time, Dora Schriro, removed most of the criticism about Mr. Clemons and Mr. Gumusdere before the city gave the audit to federal investigators looking into accusations of civil rights violations.

The two officials continued to advance through the ranks. In May, the new commissioner, Joseph Ponte, appointed Mr. Gumusdere warden of the largest jail at Rikers. And despite objections from the city’s Department of Investigation, Mr. Ponte promoted Mr. Clemons to chief of department, the top ranking uniformed position.

Mr. de Blasio’s remarks come as his administration has begun to face direct criticism for the conditions at Rikers.

For decades, there have been allegations of brutality and corruption all along the chain of command at Rikers. When making promotions, it can be difficult to find candidates untainted by some form of misconduct, according to interviews with former correction commissioners. “He’s got a thin bench,” Martin F. Horn, a former correction commissioner, said of Mr. Ponte.

New York City law requires that the uniformed ranks of the Police, Fire and Correction Departments be filled by promotions. As a result, the Correction Department's commissioner has the discretion to appoint the highest-ranking uniformed officials but must choose candidates from among career correction officers. And while officers can be demoted, civil service laws make it difficult to fire them.

In a statement about the decision to promote Mr. Clemons and Mr. Gumusdere, the Correction Department said the men "were the most qualified for promotion among the uniformed ranks."

If Mr. de Blasio pursues his proposal, he will most likely face a major political battle with the municipal unions.

Changing the civil service law poses a big problem such as out sourcing jobs performed by city municipal workers to other cities in NYS,...

Norman Seabrook, president of the correction officers' union, said he would oppose any attempt to bring outsiders into the Correction Department to replace uniformed staff.

"We already have a law that says it can't be done," Mr. Seabrook said. "If he attempts to do it, I will do whatever it takes to preserve the integrity of the men and women who serve the City of New York."

And the challenges will almost surely extend beyond Rikers.

"There would likely be opposition from the Police and Fire Department unions because if you bring people in from the outside, it would jeopardize promotional opportunities for their guys as well," said Terry O'Neil, a lawyer who specializes in labor law.

Continue reading the main story36Comments

Improving Rikers, though, will require systemic changes, Mr. de Blasio said, adding that his administration had brought in new leadership and was focused on reform-minded officers.

But he said the situation at Rikers was "unacceptable" and needed to be "changed to the foundations."

"One thing we'll always do is tell you bluntly just how bad it is," Mr. de Blasio said. "It's a very bad situation."

Mayor Criticizes Rikers Prison

De Blasio Called the Facility "Profoundly Broken"

Wall Street Journal

By Yoni Bashan

Updated Sept. 23, 2014 8:42 p.m. ET

Mayor Bill de Blasio called the Rikers Island jail "profoundly broken" on Tuesday, a day after federal prosecutors said they were prepared to file a civil-rights lawsuit over the treatment of adolescents incarcerated there.

"One thing we'll always do is tell you bluntly just how bad it is—it's a very bad situation," Mr. de Blasio said after speaking at the United Nations.

On Aug. 4, the office of Preet Bharara, the U.S. attorney for the Southern District of New York, released a 79-page report on what he termed the "appalling treatment" of the youth population at the jail's Robert N. Davoren Center, saying their constitutional rights were frequently violated.

The Department of Correction was given 49 days to act on recommendations in the report or face legal action. That period elapsed on Monday without all of the actions being taken.

"We stand ready to take legal action to compel long-overdue reforms at Rikers, if that becomes necessary to get the job done," Mr. Bharara said Monday.

Mr. de Blasio on Tuesday said his administration inherited the "problematic situation" at the prison, and said some, but not all, changes had been made, including the implementation of a new leadership team and updated staff training.

Mr. Bharara's investigation began in January 2012. It focused on about 200 incidents where force was used on inmates between 2011 and 2013.

The report found that excessive force was being used to deal with minor violations, resulting in a large number of serious injuries. A quarter of the teenagers incarcerated had been subjected to solitary confinement, the report found.

Mr. de Blasio reinforced his faith in Commissioner Joseph Ponte, who Mr. Bharara said wasn't at the helm of the department when the misconduct allegedly occurred. Mr. Ponte was appointed in April 2014.

Mr. de Blasio also said the city was "handcuffed" by some laws that made promoting some personnel at Rikers Island difficult. The mayor said he would seek changes to the laws to allow people to be handpicked for some jobs instead of applicants getting them through an exam.

On Monday, Mr. Bharara also expressed concerns over the accuracy of information provided by the city and department to investigators.

The Department of Correction produced two internal reports in relation to the Robert N. Davoren Center, one in September 2012 and the second in April 2013, an official with knowledge of the reports said.

Only the second report was provided to federal prosecutors, the official said, adding that they obtained the first document last week.

The reports said the department failed to properly categorize 375 incidents at the center as fights.

But the reports drew different conclusions as to why the fights weren't categorized correctly, the official said. Some findings in the first report that were critical of two senior supervisors were omitted from the second report that was given to investigators, the official said. The New York Times reported on the differences between the department's two internal reports.

If investigators can prove the first department report was intentionally withheld from Mr. Bharara's office, it could pose a legal issue for the city, said one federal prosecutor not involved with the investigation.

Still, in general, that is difficult to prove "without someone coming in and saying, 'I saw them do it' or 'we talked about it,' " the prosecutor said.

White Plains

Ramapo

Letter: Ward system allows fair representation

The Lohud

4:36 p.m. EDT September 22, 2014

A ward system in Ramapo would give each area their own representative. You vote for your neighbor and I vote for mine. Right now I don't feel I'm being adequately represented. Do you?

We've had "at large" elections in Ramapo offices for many years, and where has that gotten us?

There is heavy debt, overdevelopment, population density, illegal conversions of houses, ignored environmental issues, a ballpark that more than two-thirds of the people voted against, culminating in an FBI raid of Town Hall and a U.S. Security Exchange Commission search for fiscal wrongdoing. There is a longer list, actually.

A ward system would give each area their own representative. You vote for your neighbor and I vote for mine. Right now I don't feel I'm being adequately represented. Do you?

Vote for the ward system and for increasing the size of the Ramapo Town Board. Some may try to gerrymander it, but at least we will have a chance to correct that! We know our Ramapo is in a mess, so what do we have to lose? What do you have to lose?

I urge voters to support the ward system changes — establishing wards "and" increasing the Town Board to six representatives.

Vote "yes" twice on Tuesday, Sept. 30.

Robert J. Drennen

East Ramapo officials pitch \$33.6M plan to fix school buildings

Mareesa Nicosia, mnicosia@lohud.com

9:21 a.m. EDT September 23, 2014

SPRING VALLEY East Ramapo school district residents could consider a \$33.6 million capital improvements bond next year to give some long-needed attention to the district's aging infrastructure.

Officials proposed a three-phase plan at a Board of Education meeting Monday night for fixing roofs, boilers, windows, air-handling units, pavement, high school bleachers and more.

The proposal requires school board approval followed by a public vote on the total bond amount. The vote could be held in January or February and if approved, the work would begin in mid-2015 and be completed over three years, officials said.

Jack Eisenbach of Eisenbach & Ruhnke Engineering explained to board members how the firm worked with the district to assess and rank the repairs. Among the most urgent are the leaky, 15-year-old roofs on many buildings and original boiler systems in most schools, which are decades old.

"The idea is let's not wait for an emergency; let's take care of them now," Eisenbach said.

Costs for three phases of work are projected to be: \$5.2 million in 2015, \$12.5 million in 2016, and \$15.9 million from 2016 to 2018.

State aid could fund about 54 percent of the project; another 10 percent in funding is possible for work that falls into the "safety and security" category, officials said.

Assistant Superintendent Valter Paci said the district's current debt payments are scheduled to decrease substantially in 2019 and be paid in full by 2025. This will help East Ramapo pursue the bond financing over 15 years or more with a "neutral" impact on property taxes, he said.

The bond proposal comes as the state Education Department continues to monitor the district's budget planning. Since June, a state-appointed fiscal monitor has been reviewing use of federal monies, among other areas, in response to critical audits and community outcry over diminishing services to public school students.

A 2011 Journal News analysis of data on school building conditions found that one in three buildings in Westchester, Rockland and Putnam's 54 school districts received unsatisfactory ratings. The surveys are done every five years by independent firms and are required by the state.

All 12 East Ramapo public schools were rated "unsatisfactory" at the time, meaning they required work to bring them into compliance with health and/or safety standards.

Matters of Interest

Eric Holder: Ferguson Presents "Moment of Decision"

Holder: Ferguson shooting presents country with 'moment of decision'

Washington Post

By Wesley Lowery

September 23 at 2:38 PM

Attorney General Eric H. Holder Jr. delivers a keynote speech at New York University's law school. (Julio Cortez/AP)

Attorney General Eric H. Holder Jr. said Tuesday that the shooting of the unarmed black teenager by a police officer in suburban St. Louis and the tense protests, riots and national discussion that it sparked has left the country at a "moment of decision" about how police interact with racial minorities.

"These tensions simmer every day in far too many communities across the country," Holder said. "The situation in Ferguson has presented leaders across the nation ... with a moment of decision, a moment of decision, a series of important questions that can no longer be avoided."

The remarks came during a speech delivered Tuesday afternoon at New York University's Brennan Center for Justice -- in which the attorney general touted new numbers showing a year-over-year decline in the number of federal prisoners for the first time in decades.

Holder, who has frequently played the role of the most outspoken member of the Obama administration when it comes to matters of race issues in America, used one section of his speech to specifically address the unrest in Ferguson, Mo., where protesters have for weeks clashed with police officers following the Aug. 9 shooting of 18-year-old Michael Brown.

Holder said the United States must decide if it will allow this period of time to be defined by racial division and discord, or if the country is prepared to "reassess" and potentially "remake" the way law enforcement relates and interacts with citizens.

"Will we yet again turn a blind eye to the hard truths that Ferguson exposed? Or will we finally accept this mandate for open and honest dialogue?" he said.

After heaping praise on the role and sacrifice of members of law enforcement, Holder explained why he understands the deep distrust that many racial minorities have for generations held toward police officers.

Federal prison population drops by roughly 4,800

Associated Press

By ERIC TUCKER

18 hours ago

WASHINGTON (AP) — The federal prison population has dropped in the last year by roughly 4,800, the first time in several decades that the inmate count has gone down, according to the Justice Department.

In a speech Tuesday in New York City, Attorney General Eric Holder said the Justice Department expects to end the current budget year next week with a prison population of roughly 215,000 inmates. It would be the first time since 1980 that the federal prison population has declined during the course of a fiscal year.

In addition, internal figures from the Bureau of Prisons show a projected drop of more than 2,000 inmates in the next year, and nearly 10,000 in the year after.

"This is nothing less than historic," Holder said, addressing a conference at the New York University School of Law that was hosted by the Brennan Center for Justice. "To put these numbers in perspective, 10,000 inmates is the rough equivalent of the combined populations of six federal prisons, each filled to capacity."

The crime rate has dropped along with the prison population, Holder said, proving that "longer-than-necessary prison terms" don't improve public safety.

"In fact, the opposite is often true," he said.

U.S. Attorney General Eric Holder delivers a keynote speech at New York University's law school, ...

With policies that have at times unsettled prosecutors and others in law enforcement, Holder has worked in the last year to reduce a prison population he says is costly and bloated. The Bureau of Prisons accounts for roughly one-third of the Justice Department budget, and the number of inmates has exploded in the last three decades as a result of "well-intentioned policies designed to be 'tough' on criminals," Holder said.

In August 2013, for instance, he announced a major shift in sentencing policy, instructing federal prosecutors to stop charging many nonviolent drug defendants with offenses that carry mandatory minimum sentences. More recently, the Justice Department has encouraged a broader swath of the prison population to apply for clemency, and has supported reductions in sentencing guideline ranges for drug criminals that could apply to tens of thousands of inmates.

"We know that over-incarceration crushes opportunity. We know it prevents people, and entire communities, from getting on the right track," Holder said.

Holder also said that there should be new ways for the government to measure success of its criminal justice policies beyond how many people are prosecuted and sent to prison.

In this era, he said, "It's no longer adequate — or appropriate — to rely on outdated models that prize only enforcement, as quantified by numbers of prosecutions, convictions and lengthy sentences, rather than taking a holistic view."

The Brennan Center, a public policy and law institute, issued a report Tuesday urging new success measures for U.S. attorney offices, including examining changes in the local violent crime rate, changes in the recidivism rate and the percentage of violent crime cases on the docket compared with the previous year.

The Cost for Arab Bank Is a Complex Calculation

New York Times

By STEPHANIE CLIFFORD

SEPT. 23, 2014

With a landmark judgment on Monday declaring Arab Bank liable for knowingly supporting terrorism, the case now turns to another complicated calculation: the cost of that liability.

The 297 plaintiffs in the case, all Americans, have not asked for a specific amount. And since it was the first civil case against a bank to go to trial under the Anti-Terrorism Act, there are no precise points of comparison.

Even so, legal experts said many factors suggested that Arab Bank, which is challenging the federal jury's verdict in the Court of Appeals for the Second Circuit, may be asked to pay a judgment near or exceeding \$1 billion.

The Anti-Terrorism Act, for one, automatically triples any jury damages, a significant multiplier considering the sheer number of plaintiffs, who include people who were injured and those whose family members died, or the estates of those who died.

The nature of the case also hurts Arab Bank; the jury, in a separate trial on damages, will not be asked to consider the bank's culpability. They will be told the bank has been found liable, and in deciding damages, they can expect to hear from victims describing how they were injured, or how they lost a spouse or child in terrorist attacks.

"If the finding of liability stands, which is open," said John C. Coffee Jr., a professor at Columbia Law School, "the damages could go into the billions."

"Their best hope will be appealing to the Second Circuit," he said of the bank.

Plaintiffs accused the bank of knowingly handling finances for Hamas terrorists, leading to 24 attacks in Israel and the Palestinian Territories in the early 2000s. The bank maintained that it had followed standard compliance procedures and properly checked to see that transactions were not for terrorists.

Lawyers for the plaintiffs said they were considering a number of cases in preparing for the damages phase, which had not yet been scheduled.

In a case called *Morris v. Khadr*, a 15-year-old boy named Omar Khadr, an Al Qaeda member, threw a grenade at American soldiers in Afghanistan. One soldier was killed, and one seriously injured. The surviving soldier and the deceased soldier's family then sued Omar's father for damages under the Anti-Terrorism Act. The judge awarded the wife and children of the dead soldier \$20 million, and the injured soldier \$2.7 million. Both figures were then tripled.

In another case, family members of a couple killed by Hamas members in Israel as the couple drove home from a wedding sued the Palestinian Authority. A judge awarded the couple's two sons a little over \$10 million, the mother and father of the dead husband \$5 million and the siblings \$2.5 million each; all figures were then tripled.

And in a case brought against a number of Islamic charities including the Holy Land Foundation, sued for aiding Hamas in causing the death of a 17-year-old American, David Boim, a jury awarded his parents \$52 million in damages, a judgment that was then tripled.

However, Arab Bank can fight back in a number of ways.

The bank may argue that since it did not plan or carry out the attacks, it should bear just a portion of the responsibility for the damages.

Further, the bank may argue that some of the victims have already received compensation for their injuries from the State of Israel, and that the amount should serve as a guideline. And some of the same plaintiffs are pursuing cases against other banks for the same attacks, meaning that Arab Bank can argue that plaintiffs should not receive damages in full from each for the same incident.

In the damages trial, the plaintiffs plan to describe, in sometimes graphic detail, the effects of the 24 attacks in question. Plaintiffs will “ensure that the jury has a full and complete sense of the physical and emotional toll caused when a suicide bomber detonates explosives packed with nails and bolts that rip through a crowded commuter bus or cafe,” Gary Osen, a plaintiffs’ lawyer, said in an email.

“Those stories that the jury didn’t hear” in the liability portion “are going to be very moving,” said Mark S. Werbner, also a plaintiffs’ lawyer. He mentioned as an example a father who took his daughter out on the night before her wedding; both were killed by a suicide bomber.

The bank is in an especially difficult position because aggressively cross-examining such witnesses would probably be perceived as callous, Mr. Coffee said.

“I don’t think you want to tell parents that they didn’t mourn the loss of their children,” he said.

(B)(6)

(B)(7)(c)

Subject: FW: Event with Preet
Attachments: SABANJ Annual Dinner - Sponsorship Packet.pdf

Promotional materials

From: (B)(6)
Sent: Monday, October 20, 2014 10:54 AM
To: (USANYS) (B)(6) (B)(7)(c)
Subject: Re: Event with Preet

Hi (B)(6) (B)(7)(c)

No problem - attached is our sponsorship packet that was sent to various law firms and companies. Let me know if you need anything else.

Thanks very much,

(B)(6)

(B)(6) (B)(7)(c)

On Mon, Oct 20, 2014 at 10:47 AM, (USANYS) wrote:

Would you mind sending me any promotional materials that were distributed for this event? Thank you!

(B)(6) (B)(7)(c)

From: (B)(6)
Sent: Tuesday, October 14, 2014 10:31 AM

To: (USANYS) (B)(6) (B)(7)(c)
Subject: Re: Event with Preet

Hi (B)(6) (B)(7)(c)

If Preet does not mind having a Q&A option, we would love to have that as an option - we can shoot for around 10 minutes. Also, our organization is open to hearing anything Preet would like to address, such as his

childhood in NJ, advances South Asian attorneys have made in the legal profession, his prosecutorial experience, social justice, advise to the newer generation of South Asian attorneys, etc.

We would also love for Preet to bring a guest if he wishes.

Please let me know if you need any additional information. The organization and members are looking forward to meeting and hearing Preet!

[REDACTED] (B)(6)

On Fri, Oct 10, 2014 at 5:18 PM, [REDACTED] wrote: (B)(6)

Hi [REDACTED] (B)(6) (B)(7)(c)

I will be introducing Preet and he can thank the organization (South Asian Bar Association of New Jersey). I will let you know on Monday about the Q&A option and guidance on his remarks. Have a great weekend as well.

[REDACTED] (B)(6)

On Fri, Oct 10, 2014 at 5:03 PM, [REDACTED] wrote: (B)(6) (B)(7)(c)

And apologies if you have already told me, but who is introducing Preet? Who should he thank in his remarks? Do you have any guidance on what he should discuss? Hope you have a great weekend.

[REDACTED] (B)(6) (B)(7)(c)

From: [REDACTED] (USANYS) (B)(6) (B)(7)(c)
Sent: Friday, October 10, 2014 5:02 PM
To: [REDACTED] (B)(6)
Subject: RE: Event with Preet

Is some Q&A an option or would you like to keep it strictly remarks? Thanks!

From: [REDACTED] (USANYS) (B)(6) (B)(7)(c)
Sent: Monday, October 06, 2014 10:53 AM
To: [REDACTED] (B)(6)
Subject: RE: Event with Preet

No special requests, but thank you. We might have a Deputy US Marshal provide security, in which case we would not need the car service any longer. I will let you know soon. Thank you!

From: [REDACTED] (B)(6)
Sent: Monday, October 06, 2014 10:47 AM
To: [REDACTED] (USANYS) (B)(6) (B)(7)(c)
Subject: Re: Event with Preet

Hi [REDACTED] (B)(6) (B)(7)(c)

Hope all is well. Thanks for the article, I will draft it into my introduction of Preet. That is still the flow of show and we allocated thirty minutes for Preet to speak because we were not sure how long he would prefer (there is no scheduled Q&A, just his remarks). Preet is free to speak for the full thirty minutes or less, whichever he prefers.

Also, does Preet have any special requests such as food, additional guests, etc? I know he will need car service after the event and we have already arranged for that, but please let me know if he needs anything else.

Thanks very much,

(B)(6)

On Mon, Oct 6, 2014 at 10:39 AM,

wrote:

(B)(6)

(B)(7)(c)

This recent NY Post article would also be helpful for his introduction: <http://nypost.com/2014/10/02/new-york-needs-preet-bharara-to-stay-as-us-attorney-and-keep-fighting-corruption/>

This is the most recent **flow of show** I have:

Cocktail Reception: 6:30 p.m. to 7:30 p.m.

Set Sail: 7:00 p.m.

Dinner: 7:30 p.m.

Welcome: 7:45 p.m.

Keynote Speaker: 8:00 p.m.

Awards: 8:30 p.m.

Dessert and Networking: 9:00 p.m.

Dock: 9:30 p.m. to 10 p.m.

Is this still accurate? Is Preet expected to give thirty minutes of remarks or is there Q&A as well?

Thanks,

(B)(6)

(B)(7)(c)

From:

(B)(6)

Sent: Monday, September 08, 2014 2:45 PM

To:

(B)(6)

(B)(7)(c)

Subject: Re: Event with Preet

Perfect! Thanks!

On Mon, Sep 8, 2014 at 2:25 PM, [REDACTED] wrote: (B)(6)
(B)(7)(c)

You might want to watch his speech at Harvard Law School's Class Day Ceremony:
<https://www.youtube.com/watch?v=5MsH-ZujqxY>

Thanks!

From: [REDACTED] (B)(6)
Sent: Monday, September 08, 2014 2:15 PM

To: [REDACTED] (B)(6) (B)(7)(c)
Subject: Re: Event with Preet

Hi [REDACTED] (B)(6) (B)(7)(c)

I am working on the introduction for Preet and I reviewed the NY Times article you forwarded to Rachit. I know he was also in Time Magazine a few times and I reviewed those too in preparing. Is there anything else I should review?

Thanks very much,

[REDACTED] (B)(6)

On Wed, Sep 3, 2014 at 4:08 PM, [REDACTED] wrote: (B)(6)

Hi [REDACTED] (B)(6) (B)(7)(c)

Great being introduced to you via email. I will certainly provide the exact location shortly and, in the meantime, if there is anything else you need, please feel free to contact me. I look forward to working with you and our organization is very excited about having Preet as the keynote speaker. Speak soon.

[REDACTED] (B)(6)

On Mon, Aug 25, 2014 at 11:40 AM, [REDACTED]

wrote:

(B)(6)

Hi [REDACTED]

(B)(6)

(B)(7)(c)

Sorry for the delayed response. I was in Yellowstone for the last 8 days and just returned today. I have attached our sponsorship packet, which includes the information you requested (except for the exact address).

(B)(6)

I would like to introduce you to [REDACTED]. She is my Co-Chair for the Annual Dinner and will be coordinating and communicating with you going forward. I have accepted a position in D.C. and will be stepping down from my roles with SABA-NJ effective August 30. [REDACTED] is up-to-date on everything you and I have discussed (including Preet's car service request). Please communicate with [REDACTED] going forward. Thank you. (B)(6) (B)(6)

(B)(6)

(B)(6)

(B)(7)(c)

[REDACTED] Please see [REDACTED] e-mail below re exact location and bio. Could you provide her with the exact address? The attached packet has the rest of the information [REDACTED] is requesting.

(B)(6)

(B)(7)(c)

Thank you both!

[REDACTED] (B)(6)

On Wed, Aug 20, 2014 at 2:39 PM, [REDACTED]

wrote:

(B)(6)(B)(7)(c)

Wonderful! Would you mind sending me the exact location and the tentative agenda for the evening? Apologies if you already sent me this information.

By the way, the NYT ran a profile of Preet on Monday that might be helpful for introducing him at the event:

<http://www.nytimes.com/2014/08/19/nyregion/in-five-years-in-office-us-prosecutor-touches-new-yorks-biggest-story-lines.html>

Thanks!

[REDACTED] (B)(6) (B)(7)(c)

From: [REDACTED] (B)(6)

Sent: Tuesday, August 05, 2014 2:50 PM

To: [REDACTED] (B)(6)
Subject: Re: Event with Preet (B)(7)(c)

Hi [REDACTED] (B)(6) (B)(7)(c)

The planning is going well. We recently had Day Pitney come in as our largest sponsor, and I've secured Honeywell and Proskauer Rose as two more. We will officially begin securing sponsorships next week. The advertising will also start next week, although we've already informally alerted other NJ organizations about the event.

[REDACTED] (B)(6)

On Tue, Aug 5, 2014 at 1:56 PM, [REDACTED]

wrote:

(B)(6) (B)(7)(c)

[REDACTED] (B)(6)

I just wanted to check in. How is the planning and advertising going?

Many thanks,

[REDACTED]

(B)(6) (B)(7)(c)

From: [REDACTED] (B)(6) (B)(7)(c)
Sent: Tuesday, July 22, 2014 11:04 AM
To: [REDACTED] (B)(6)
Subject: RE: Event with Preet

Our ethics coordinator reviewed the proposed letter and believes it is fine. Thanks so much!

[REDACTED]

(B)(6)
(B)(7)(c)

From: [REDACTED] (B)(6)
Sent: Tuesday, July 22, 2014 10:39 AM
To: [REDACTED] (B)(6) (B)(7)(c)
Subject: Re: Event with Preet

Hi [REDACTED] (B)(6) (B)(7)(c)

As of now, Mr. Bharara will not be receiving an award. He will be receiving a Thank You plaque for speaking at the event.